



DOI: **10.5958/2249-7137.2021.01620.7**

## THE ROLE OF FORENSIC ACCOUNTING IN FRAUD REDUCTION AND PROVISION OF LEGAL SUPPORT SERVICES IN NIGERIA

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### ABSTRACT

*Fraudulent practices have become a norm in various agencies of government. Various efforts had been made to combat the scourge, the most recent being the establishment of anti-corruption agencies who is expected to fish out, prosecute and get the offenders thoroughly punished. These measures has not yielded the expected results and these study aims at exploring the role forensic accounting can play in fraud prevention or reduction and providing support for litigation services. Survey design was adopted and data was collected from respondents in accounting firm, law firms, government ministries/agencies and anti-corruption agencies using Lagos state as a case study. Samples of 222 respondents were selected out the population and 135 returned their questionnaire. Data collected were analyzed using tables, percentages and charts while the hypothesis were tested using chi-square test with the aid of SPSS version 2.0. The outcome of the study shows that there is a positive relationship between forensic accounting and fraud reduction in Nigeria and also in provision of legal support services. The study concludes that the role of forensic accountant in fraud reduction in Nigeria is vital. Based on this, the study recommended among others that the government of Nigeria should develop interest in forensic accounting and encourage the efforts of forensic accountants in the monitoring and investigation of suspected and confirmed cases of corruption.*

**KEYWORDS:** *Fraud prevention, Forensic accounting, financial crimes, litigation support.*

## INTRODUCTION

Fraud and other forms of cyber crimes in organizations whether public or private have become sophisticated in modern times. The traditional method of confronting this epidemic has become ineffective. Bello (2001) has identified that despite several effort made to combat the scourge, the level of occurrence continues to increase. Though fraud is a worldwide problem, developing countries tend to be more inflicted with the pain. Modernized crimes like cyber securities crime and money laundering has taken centre stage in today's society. What we witness today is that young school leavers instead of looking for paid job or engaging in entrepreneurial activities are lured into acquiring a laptop computer and trained on how to use internet services to commit various financial crimes.

Okunbor and Obaretin (2010) have identified the need for accountants of today to equip themselves with skills that will assist them to respond promptly to indicators of fraud, poor corporate governance and other form of malpractices that have rocked most corporate organizations. A survey carried out by Price Water House Coopers (PWC) in 2014 shows that 54% of corporate respondents reported a fraud in excess of \$100,000. The effect of financial crime and other malpractices on the corporate organizations and the nation's economy can be devastating, hence the need to adopt various measures to prevent and detect fraud as early as possible.

Forensic accounting is a specialized field in accounting that has come to bridge the gap between audit and investigation in collecting, analyzing and evaluating financial evidence for use in the boardroom or courtroom. Forensic services combines' experiences in accounting; auditing, economics, and tax practice to carry out its assignment and come out with evidence to support dispute resolution, litigation in law courts and bankruptcy proceedings (Bressler, 2011). This specialized skill in accounting is growing rapidly due to the sophisticated nature of today's fraud and financial malpractices and their services are called upon regularly. This also stems from computerization of transactions by most corporate organizations that have phased out any form of manual record keeping. Recently Nigerian Government has called for forensic audit of Niger Delta development Commission due to spate of fraudulent practices reported in the commission.

The recent ranking by transparency international in 2016 shows that Nigeria is perceived to be a corrupt nation. This stems from avalanche of fraudulent and corrupt cases reported in Nigeria. Billions of money both in local and foreign currency has been lost due to the sophisticated nature on which they are perpetrated. Adegbe and Fakile (2012) stated that the overall effect of this is that apart from negative image on the nation, it has also had negative consequences on the nation's economic growth and development. This requires highly skilled and versatile accountants who are in the same page with the fraudsters to unravel their evil acts.

In order to stem the tide of corruption in the country, the government of President Olusegun Obasanjo established two anti-corruption agencies, The Economic and Financial Crimes Commission (EFCC) and Independent and Corrupt Practices Commission (ICPC). Despite the establishment of these two agencies, the level of fraud and corruption in the country continues to rise. Prosecution of cases by these agencies in most cases becomes difficult due to lack of presentable evidence in law courts. As noted by Enofe, Okpako and Atube ( 2013), their effort has not yielded fruits due to the fact that there are seemingly incompetent professionals handling these cases leading to delay or denial of justice. Recent development in online businesses, e-

banking, e-commerce and e-governance has also led to e-fraud, e-corruption and e-financial crimes or cyber crimes and convectional investigative processes can no longer suffice. Before now the previous administrations have established one form of tribunals of adhoc committees or panels to investigate cases of fraudulent practices but the problems persists.

It is in light of the above that this research intends to focus on the relevance of forensic accounting in dealing with the sophisticated cases of fraud and corruption in Nigeria. The main objectives of the study is to ascertain the impact of forensic accounting practices in reduction and control of fraudulent and corrupt practices in Nigeria. Specifically the study will investigate;

- To find out if forensic accounting is providing litigation support services in Nigerian Courts.
- To ascertain the forensic accounting has assisted in fraud detection and prevention in both private and public sectors in the country.
- To find out if the practice of forensic accounting has provided professional services to anti-corruption agencies for effective prosecution of their cases.

The hypothesis of the study seeks to find out if there is significant relationship between forensic accounting and fraud reduction in Nigeria. It will also try to find out if the practice of forensic accounting has had any significant impact in providing legal support services and if the practice of forensic accounting has aided in the prosecution of cases by anti-corruption agencies.

## LITERATURE REVIEW

### Concept of Forensic Accounting

The terminology “forensic accounting was coined by Peloubet (1946) defined forensic accounting is the application of accounting knowledge and investigative skills to identify and resolve legal issues. It is seen as the science of using accounting as a tool to trace and develop proof of money flow. These tools and/or techniques, skills and knowledge is a prerequisite for fraud and forensic accounting investigators.” According to Dada, Owolabi & Okwu (2013) forensic accounting is integration of accounting, auditing and investigation into one skill that can probe fraudulent practices. In the same vein Association of Certified Fraud Examiners (ACFE) is of the view that forensic accounting is application of generally accepted accounting and auditing principles in establishing losses, profit, property, damage, internal controls, fraud in resolution of civil and criminal disputes. Crumbey (2003) on his own part defined forensic accounting as examination and interpretation of financial evidence that can be presented in law court. Okunbor and Obaretin, (2010) Forensic accounting is a discipline that has its own models and methodologies of investigative procedures that search for assurance, attestation and advisory perspective to produce legal evidence. A forensic accountant’s primary duty is to analyze, interpret, summarize and present complex financial and business-related issues in a manner that is both readily understandable by the layman.

### Forensic Accounting Services

Organizations or institutions at one time or the other needs the services of forensic accountants. Their services includes normal accounting and auditing services and also extends to other areas that may include, fraud investigation, investigation of losses including preparation of expert report that can be presented as evidence in case of litigation. While the role of normal auditor is

to ensure compliance with certain accounting and auditing standards in financial statements and report fraud if it noticed that in course of audit, that of forensic accounting has to be investigative in its approach with a view to establishing evidence of malpractices and illegality that might have taken place. Horward and Sheetz (2006) summarizes forensic accounting services as the process of investigating, summarizing, interpreting and presenting complex financial issues clearly, succinctly and factually often in court of law.

### **Basic Skills of a Forensic Accountant**

It is an agreed fact that forensic accountant requires a skill to be able to perform his duties effectively. According to Harris and Brown (2000), forensic accountant must be knowledgeable in civil and criminal law. They must also have proper understanding of court procedures and expectations and as such their investigative, creative and communication skills must be sharp.

According to Grippo and Ibex (2003), some other important skills required of a forensic accountant arise from experience in accounting, internal controls, auditing, taxation management, interpersonal relationships, business operations and communication. Digabriele (2009) in his opinion stated that forensic accountants must have an analytical, dedeuctive and problem solving skills that will enable him decompose complex issues and communicate its findings with competency.

The study carried out by Davis, Farrell and Ogilby (2010) in which opinions of the academics, lawyers and accountants were sought on the skills required of a forensic accountant, they came to conclusion that that they must be analytical, detailed – oriented, ethical, responsive, insightful, persistent and skeptic.

Ghosh and Banerjee (2011) identified three fold- approaches of skills required by a forensic accountant to include the base, middle and top layer. The base layer comprises mainly accounting knowledge. The middle layer has to do with knowledge in the fields of auditing, internal controls, risk assessment and fraud detection. While at the top layer a strong knowledge of the legal environment is required including a strong communication skill. Based on their research, a forensic accountant is expected to have competence in a broad spectrum of disciplines including accounting, law, auditing, criminology, and information technology and communication skills.

### **Concept of Legal Support Services**

Before now litigation support services are usually done by a company who provides court reporting, record retrieval and trial services for companies, institutions and law firms. With the change in legal environment and expanding role of electronic transactions leading to several form or fraud and cybercrime, the need for forensic accountants in legal support has become imperative. Forensic accountants assist attorneys in translating and interpreting complex financial matters into a more understandable manner which play a crucial role in law suit outcome. They also assist attorneys to inquire, identify, investigate, test, examine, analyze and interpret financial documents and data in today's complex society. Forensic results is expected to uncover hidden assets, identify unreported income, determine the level of losses and other areas as may be required by the attorney.

Some types of litigation cases where the forensic accountants can be of assistance includes shareholder/partner disputes, matrimonial dissolutions, breach of contract, lost profits and damage calculations, white collar criminal investigations, breach of fiduciary duty, estate litigation and in bankruptcy arena. The timing of when the forensic accountant is hired can play a vital role in the outcome of the case. Hiring the forensic accountant as early as possible allows the forensic accountant to assist the attorney in a variety of ways, including making a preliminary determination as to the merits of the litigation.

Due to the unique circumstances of each case, the forensic accountants' roles can differ from one assignment to another, and may even change as a case advances through litigation process. There are many different facets within each litigation case where an attorney can benefit from the services of a forensic accountant, and these can be divided into four general phases:

- i. Foundational i.e. provides assistance in the case development and discovery stages, and assist in defining the financial framework of the case. Assess the quality of the documents to determine what might be relevant;
- ii. Interpersonal i.e. conducts interviews to aid in the planning and execution of case data collection, and perform background research on the people and entities relevant to the matter;
- iii. Data collection and analysis i.e. accumulate the data, and marshal the necessary analytical tasks to either support or refute the legal theories presented. If requested, assist in any hearings, conferences and settlement negotiations;
- iv. Expert report and trial i.e. aggregates the forensic accountants' entire conclusion during the assignment, followed by the submission of an expert report, and possibly testify at deposition or trial. If requested by the attorney, the forensic accountant can critique the opposing experts report.

Litigation attorneys can often attain dramatic leverage at negotiating table and in the courtroom by being able to present quantifiable data in clear cogent terms. A case that is substantiated by indisputable testimony will most often be received favorably. A skilled forensic accountant in the litigation arena can act as powerful support to the retaining attorney by helping the attorney to present or defend claims.

### **Concept of Fraud**

The word "fraud" is often interchanged between its effect and causes and opinions among scholars vary as to its real meaning. According to ACFE(2012), fraud is defined as obtaining wealth illegally by individuals or group through violation of legislation or rules governing the system with a criminal motive and acting in non-violent manner. In the same vein Nwanze (2012) defined fraud as a premeditated process of obtaining wealth illegally by an individual or group by means of deception and cheating.

Okafor (2004) added that all forms of malfeasance undertaken by an individual or group through false representation in order to take advantage of another is to be regarded as fraud. From the angle of Ojaide(2000), he is of the view that any human behavior involving deception, purposeful intension, violation of trust with a view to acquiring what does not belong to you is to be regarded as fraud.



In general fraud means any action undertaken by an individual or group to breach a law or procedure in order to acquire wealth illegally. Fraud can be categorized as the nature the fraudsters and method employed to carry out the fraud. As to the nature of fraudsters, it can be further broken down to internal and external. While internal refer to fraud done within the organization by members of their staff, which of external has to do with people outside the organization colluding with staff members to defraud the organization. The method of perpetrating fraud has gone digital with the computerization and on-line services being rendered by most organizations.

### Forensic Accounting and Fraud Prevention

Fraudulent activities in a system do not manifest itself but only shows up as symptoms. In most cases they hide under human error to which makes it difficult for forensic accountant to detect. There are also issues of poor corporate governance and accounting failures giving room for fraud (Kristic, 2009).

Auditor performs his duty to report on whether financial statements show a true and fair view of the financial affairs of an enterprise and whether their assets are properly safeguarded. It is never the duty of an auditor to detect or prevent fraud but in some cases may use his forensic accounting skill to detect fraud in course of his audit.

Strong internal control system is a prerequisite for fraud prevention when top management takes the issue of internal control seriously. To resolve some of these problems the management should involve forensic accountants when designing internal control system. At the audit planning process, forensic accountant should be involved to incorporate audit test that will be able to detect fraud where the management suspects that the risk is high. When forensic accountants are also involved in risk management, better result is also obtained (Okoye & Gbegi, 2003).

Fraud detection and prevention starts with identification of potential fraud and designing a system that will spot early warning signals. This also involves proactive risk assessment that can assist in the time of system design. Prevention and detection of fraud should be holistic involving all anti-fraud strategy. There are other measures that act as fraud deterrent which involves removal of the enabling factors that give room for fraud to occur.

Some Reported Cases of Fraud in Nigeria

Name of Accused	Unit	Nature of Crime	Amount Involved
Tony Anenih	Former Minister of Work	Payment for Contract not Executed	N525 million
Rosemary Usifo	First City Monument Bank	Fraud	N30 million
Francis Atuche	Former MD Bank PHB	Fraud	N125 billion
Charles Ojo	Former MD Spring Bank	Fraud	
Olu Ogunbanbo	Oil Subsidy	Fraud	N979.6 million
Sinatu Ojikutu	Former Deputy Governor Lagos State	Fraud	N130 million
Okechukwu	Former NAICOM Boss	Fraud	N10.4 million

Chukwulozie			
Jonah Jang	Governor of Plateau State	Misappropriation of SURE-P Fund	N5 billion
Akingbola Erasmus	Former MD Defunct Intercontinental Bank	Fraud	N47.1 billion
Nigerian Embassy in the United States	Sale of Properties	Misappropriation of proceeds	\$27 million
Stella Oduah	Former Minister of Aviation	Unauthorized Purchase of Armored cars	N225 million
Diezani Allison-Madueke	Minister of Petroleum	Chartered Aircrafts	N10 billion
Jimoh Enesi	Former Chairman Adari L G, Kogi State	Money Laundering	N7.3million
Danjuma Goje	Former Governor of Gombe State	Diversion of government refund	N5.7 billion
	National Poverty Eradication Programme (NAPEP)	Fraud	N12.2 billion
Albert Nude, Danlandin Garba, Nasir Shehin	Sterling Bank	Fraud	N146.7 million
Atiku Abubarkar Kigo, Uzoma Cyril	Police Pension Fund	Fraud	N33.2 billion
Cecilia Ibru	Former MD Oceanic Bank	Fraud	N191 billion
Danasebe Ibrahim	Union Bank	Fraud	N2.05 billion
Sule Lamido	Governor of Jigawa State	Money Laundering	N10.4 billion

Source: [www.thecitizenng.com/financialcrime](http://www.thecitizenng.com/financialcrime)

### Challenges of a Forensic Accounting

Fraud detection and prevention has become an emerging or contemporary issue in the field of academics, researchers and industries due to increase in cases. Forensic accounting became popular of recent due to the failure of traditional internal auditing in detecting and identifying accounting fraud (Imoniana, 2003).

Dhar and Sarkar (2010) identified some challenges facing forensic accounting in developing countries to include lack of independence, technical ability, and production of reports not admissible in law court and conflicting laws and standards. In their own opinion, Grippo and Ibex (2003) sees lack of admissible evidence in law court from the output of a forensic accountant as a major challenge. Also Degboro and Olofinsola (2007) noted that the present laws regulating most financial transactions need to be updated in line with the present

technological development. Globalization which has made the entire world as one entity is also posing serious challenge.

The cost of getting the services of forensic accountant is also a problem as many have resorted to settle most fraud cases outside the court system. Experts in this field are always hard to come by and expensive.

### **Empirical Review**

There have been researches previously carried out in the area of this subject matter and the outcome of these researched shows that there is positive relationship between forensic accounting and fraud prevention.

Houck M., Kranacher, M., Moris B., and Robertson, J. (2006). investigated on how forensic accountants are involved fraud risk procedure management and planning. The outcome of the investigation show that forensic accountants have been highly involved audit test modification when management fraud risk is high. The study further revealed that forensic accountants have used audit procedures which have not been previously used by auditors when they perceived that management fraud risk is high. This brought enhancement on audit plan and led to better results than before.

Madumere and Onumah, (2013) conducted research on corporate fraud in Nigerian manufacturing sector and how forensic accounting has impacted on them in terms of fraud detection. From sample size of 306 manufacturing firms, the study revealed that corporate fraud is on the increase, the reason being that managers of these company inflate the cost of goods supplied to the firm in order to benefit from it thereby increasing the cost of production.

Eze and Okoye (2019) examined forensic accounting and fraud detection or prevention in Imo State Public Sector. Structured questionnaire was used to generate data for the study while z-test was used for the hypothesis testing. The outcome of the study shows that there is significant relationship between forensic accounting and fraud detection in Imo State public sector.

Ewa, Adesola and Eseneyen (2020) investigated on evaluation of forensic accounting technique in fraud prevention/detection in Nigerian Banking Sector through data Mining, ratio analysis and trend analysis. The data was analysed using ordinary least square (OLS) and the outcome revealed that application of forensic accounting significantly enhanced fraud detection/prevention in the banking system.

Karwai (2002) adopted survey design to examine the role of forensic accounting in curbing financial crimes. They selected some banks and used structured questionnaire to gather data from their staff. They used regression analysis to analyze the data and the outcome is that banks need the services of forensic accountants in order to curb financial crimes in banks.

### **Summary**

The empirical studies examined so far have focused mainly of the ability of forensic accounting to detect and prevent fraud. Attention has not been drawn to the fact that those involved or has committed fraud need to be prosecuted and if possible convicted for various financial crimes. Our study will therefore focus not only on fraud prevention and detection through forensic accounting but also its ability to provide litigation support services.



### Theoretical Underpinning

This work was guided by Cressy Fraud triangle theory which tries to relate fraud to three behavioral characteristics of individual that includes financial problem that cannot be shared with others; full knowledge of an organization setup and utilizing it to violate the trust placed on him and eventually violating the trust believing that he has not committed any crime. Financial pressure can come from different angles such as gambling, drug abuse etc and when opportunity presents itself, he goes ahead to commit the fraud without looking back. Opportunities can also arise due to weak internal control process and improper segregation of duties.

Among the three triangle opportunities is the only one that can be controlled or curbed. Rationalization is another component that involves an individual portraying his act to be decent knowingly or unknowingly. People with low moral attitude can easily rationalize their act than those with bad morals. Example is when somebody tries to justify his action by stealing a company's property because a bonus was denied him.

Cressy fraud triangle therefore provides background with which every fraud investigator uses when investigating the issue of fraud and forensic accountants have found it as a veritable tool. Lasalle (2007) demonstrated that the use of fraud triangle could lead to improved risk assessment.

### Research Method

For the purpose of this research, survey design has been employed in order to answer the research questions and test the hypotheses formulated. Since it is a survey design that needs people's opinion, it was chosen for easy accessibility in order to administer questionnaires to the respondents. This research will cover Lagos State, Nigeria.

The target population would be law firms, accounting firms, government parastatals, anticorruption agencies in Lagos State, Nigeria. Hussey (1997) and Robson (1993) agree that there is no ideal sample size. They state that the sample size depends on the discipline the level of confidence expected in the answers and anticipated response rate. Therefore, the population size considered for this study is 500 respondents drawn from the staff of law firms, Accounting firms, government parastatals and anticorruption agencies. The population is focused on the staff of this firms that have knowledge of what forensic accounting is all about. In order to gain the advantage of an in-depth study and effective coverage, samples are drawn using random sampling. Taro Yamanei's formula is used in determining the sample size.

Using Taro Yamanei's formula,

$$n = \frac{N}{1 + N(e)^2}$$

where n= sample size

N= population

e= margin of error (0.05 on the basis of 95% confidence level)

therefore,  $n = \frac{500}{1 + 500(0.05)^2}$

$$n = \frac{500}{2.25}$$

$$n = 222$$

Using a population of approximately **500** Nigerians with an error of 5%, a sample size of **222** is considered adequate as computed above.

Two hundred and two questionnaires were distributed equally among the staff of five selected agencies chosen as detailed in the table below. Out of the 222 sent out, only 135 representing 61% of the total sample were returned as shown in the table below. Five point likert scale was adopted in structuring the question from strongly agree to strongly disagree.

**TABLE 1. DISTRIBUTION OF RESPONDENTS**

Categories of the Respondent	No. Distributed	No. Returned
Law Firms	45	28
Accounting Firms	40	27
Economic and Financial Crimes Commission	52	30
Government Agencies	48	29
Independent and Corrupt Practices Commission	37	21
Total	222	135

Source: Field Survey 2021

### Validation of Instrument

The questionnaire was pre-tested in Economic and financial crimes Commission which is one of the organizations sampled and is validated with information and experiences gathered from the pre-testing of the questionnaire before they were finally administered. The researcher interviewed and discussed with selected respondents to elicit further information based on their responses to the questionnaire.

### Data Analysis and Discussion of Results

The data obtained from respondents and the research questions were analyzed and presented in form of frequencies, percentages, tables, charts and graph while the research hypotheses were tested using statistical package for social science (SPSS version 20.0), the chi-square statistical technique was used. The essence of this test is to validate or disapprove the hypotheses. Data was collected from the responses of accountants in the firm, lawyers, workers in the anti-corruption agencies, workers in the government parastatals in Lagos state.

### Analysis of Research Questions (Fraud Prevention and Detection)

The table below summarizes the percentage of respondent to the options available for the questions under this category.

**TABLE 2**

S/N	QUESTIONS	SA%	A%	U%	D%	SD%
1	Forensic Accounting is effective in detecting & preventing fraud in Nigeria	73	24	1	1	1
2	The service of Forensic accountants has helped in the reduction of fraud & corruption in the country.	30	63	4	2	1
3	Fraud Policies are implemented and enforced consistently and fairly in my organization.	26	36	21	16	1

4	Anti-fraud controls are consistently monitored and tested as part of internal audit function.	22	33	27	26	2
5	Employees of organizations know how to report fraud.	17	16	10	62	5

Source: Field work 2021

From table 2 above, majority of the respondents agreed that Forensic accounting has assisted to prevent and detect fraud in organizations. This was reflected in the percentage of those that agreed and strongly agreed that forensic accounting plays major role in fraud prevention and detection.

### Analysis of Section C (Litigation Support Services)

To what extent do you support the following attributes as the way litigation services by forensic accountants bolster/strengthen a fraud case proceeding in a court of law?

The table below summarizes the percentage of respondent to the options available for the questions under this category.

**TABLE 3**

S/N	QUESTIONS	SA %	A %	U %	D %	SD %
1	There is proper calculation of complex and disputed business values.	53	44	2	1	0
2	Proper record examination and reconstruction of financial statement for correct consequential claims strengthens fraud case proceedings in law courts by forensic accountant.	43	52	4	1	0
3	Analysis of damages payable to clients by defense counsel is revealed through forensic accounting during litigation.	27	56	11	5	1
4	Preparation and presentation of expert opinion is enhanced during case proceedings in court by forensic accountants.	46	47	3	3	1
5	Discovery, interrogatory preparation and production of evidence in law courts through forensic accounting services bolsters fraud case prosecution.	33	57	7	2	1

Source: Fieldwork 2021.

From the above responses from respondents, it can be summarized that forensic accounting provides litigation support service to fraud cases. Looking at the responses to the entire questions majority agreed and strongly agreed to the questions posed.

### Analysis of Section D (Prosecution of Cases)

The table below summarizes the percentage of respondent to the options available for the questions under this category.

**TABLE 4**

S/N	QUESTIONS	SA %	A %	U %	D %	SD %
1	The advent of anti-corruption agencies has been able to reduce the perceived level of corruption in Nigeria.	54	40	3	2	1
2	Fraud cases won by the anti-corruption agencies in Nigeria were aided by forensic accountants.	21	41	21	16	1
3	Lost cases by the agencies are as a result of not using an expert	23	26	20	28	30
4	Use of forensic accountant can assist to resolve pending cases.	28	30	12	20	10
5	Judges now find it easier to try fraud cases and conclude on timely with the aid of forensic accountant	36	43	3	7	1

Source: Fieldwork 2021.

The summary of table 4 above shows that majority of the respondents agreed or strongly agreed forensic accounting services have greatly assisted in prosecution of fraud cases in Nigeria.

### TESTING THE HYPOTHESES

Parameters for Testing the Hypotheses

- Statement of hypothesis, null and alternative.
- Level of significance,  $\alpha = 0.05$ .
- Decision rule: Reject the null hypothesis ( $H_0$ ), if the P-value  $< 0.05$ .
- Test statistics: Chi-square

$$X^2 = \sum \frac{(O - E)^2}{E}$$

Where O is the observed frequency and E is the expected frequency, with (n-1) degrees of freedom of (r-1)(c-1), where n is the number of observation, r and c are the numbers of rows and columns respectively.

- Decision and conclusion.

### Hypothesis 1

$H_0$ : There is no significant relationship between forensic accountants and fraud reduction in Nigeria.

$H_1$ : There is a significant relationship between forensic accountants and fraud reduction in Nigeria.

**TABLE 5**

O	E	O-E	(O-EO) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	27	-26	676	25.0370
4	27	-23	529	19.5926
5	27	-22	484	17.9259
84	27	57	3249	120.3333
41	27	14	196	7.2593
Chi-Square Calculated			190.1481	
P-value			0.00000	
Degrees of Freedom			4	

Source: SPSS 20.0

The P-Value is 0.000 which is significant at  $p \leq 0.05$

Decision: Reject the null hypothesis ( $H_0$ ), since P-value (0.000) is  $\leq 0.05$

Conclusion: The analysis shows that there is a significant relationship between forensic accountants and fraud reduction in Nigeria. Therefore, the alternative hypothesis is accepted.

### **Hypothesis 2**

$H_0$ : The practice of forensic accounting does not have any significant impact in providing legal support services.

$H_1$ : The practice of forensic accounting has a significant impact in providing legal support services.

**TABLE 6**

O	E	O-E	(O-EO) <sup>2</sup>	(O-E) <sup>2</sup> /E
3	27	-24.0	576	21.33333
6	27	-21.0	441	16.33333
5	27	-22.0	484	17.92593
91	27	64.0	4096	151.7037
30	27	3.0	9	0.333333
Chi-Square Calculated			207.6296	
P-value			0.00000	
Degrees of Freedom			4	

Source: SPSS 20.0

The P-Value is 0.000 which is significant at  $p \leq 0.05$

Decision: Reject the null hypothesis ( $H_0$ ), since P-value (0.000) is  $\leq 0.05$

Conclusion: The analysis shows that there is a significant relationship between forensic accounting and provision of legal support services. Therefore, the alternative hypothesis is accepted.

### **Hypothesis 3**

$H_0$ : Forensic accounting has not aided in the prosecution of cases by anticorruption agencies.

H<sub>1</sub>: Forensic accounting has aided in the prosecution of cases by anticorruption agencies.

**TABLE 7**

O	E	O-E	(O-EO) <sup>2</sup>	(O-E) <sup>2</sup> /E
2	27	-25.0	625	23.14815
21	27	-6.0	36	1.333333
29	27	2.0	4	0.148148
54	27	27.0	729	27
29	27	2.0	4	0.148148
Chi-Square Calculated				51.7778
P-value	0.00000			
Degrees of Freedom	4			

Source: SPSS 20.0

The P-Value is 0.000 which is significant at  $p \leq 0.05$

Decision: Reject the null hypothesis (H<sub>0</sub>), since P-value (0.000) is  $\leq 0.05$

Conclusion: The analysis shows that there is a significant relationship between forensic accounting and prosecution of cases by anticorruption agencies. Therefore, the alternative hypothesis is accepted

### SUMMARY OF FINDINGS

The primary aim of this research work is to examine the impact of forensic accounting in fraud reduction in Nigeria. From the result of the analysis of the data in chapter four using the chi-square technique, the following findings were obtained.

1. There is a significant relationship between forensic accountants and fraud reduction in Nigeria.
2. Forensic accounting has a significant impact in providing legal support services in Nigeria.
3. Forensic accounting significantly has aided in the prosecution of cases by anticorruption agencies.

### CONCLUSION

The study therefore concludes that the role of forensic accountant in fraud reduction in Nigeria is vital. Forensic accountants help lawyers, courts and regulatory bodies through application of accounting principles, auditing and investigative procedures in solving certain legal problems. This is because forensic accountants possess skills and experience in accounting, auditing, taxation business operations, management and internal controls. It should be emphasized that whether in the business world or the department of the anticorruption agencies in Nigeria, the ultimate responsibility for discouraging and detecting fraud practices rests with the management. Fraud prevention or reduction therefore is a major aspect of daily business activities which should be performed through engagement of forensic accountants.



## Recommendations

Since there is a general belief that no nation can grow when corruption is seen as normal way of life, there is therefore, urgent need to tackle the endemic corruptible tendencies in our companies and politics so that the nation's economy can develop like that of other nations. Based on the findings of this study, the following recommendations will help reduce fraud in Nigeria.

1. The various agencies fighting corruption in Nigeria will need to engage the services of forensic accountant to compliment efforts of other professionals in reducing fraudulent activities and installing fraud proof internal control system in corporate organizations.
2. The government of Nigeria should develop interest in forensic accounting and encourage the efforts of forensic accountants in the monitoring and investigating of suspected and confirmed cases of corruption. Practicing accountants in the country should work towards specialization and possibly establishing firms for forensic accounting practice only.
3. The academia should emphasize skill development in the field of forensic accounting so that students at an early stage would become familiar with it.
4. Professional bodies such as The Institute of Chartered Accountants of Nigeria (ICAN) should ensure they strengthen the services of forensic accounting institutions and the utilization of their services as a way of providing checks to those who have the intention to commit fraud must be emphasized.
5. Corporate organizations should devote time and resources to the research and development of new forensic techniques, not only to develop solutions to existing problems, but also to recognize emerging problems and find realistic solutions.
6. Management of corporate organizations should test controls over a greater period of time, since this provides more evidence of the effectiveness of controls than testing over a shorter period of time. Further, testing performance closer to the date of management's assessment provides more realistic evidence than testing performance in earlier part of the year.

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