

# FORENSIC ACCOUNTING AS A TOOL FOR DETECTING FRAUD AND CORRUPT PRACTICES IN NIGERIAN PUBLIC SECTOR

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## Abstract

*The study examined forensic Accounting as a tool for detecting fraud and corrupt practice in Nigerian public sector an expanded agenda for Nigerian auditors. The aim of this study is to determine the relationship between forensic auditing and corruption in Nigerian public sector. To achieve this objective, data was collected from secondary source which include press reports, report of Economic and Financial Crime Commission (EFCC), Report of Independent and Corrupt Practices Commission (ICPC) and Report from investigation committees. Three hypotheses were tested with the use of simple regression analysis. The results revealed that there is a significant relationship between forensic audit and corruption, also, that an increase in Forensic Audit significantly leads to a decrease in the occurrence of corruption cases in Nigerian public sector. On the basis of this finding, the study concludes that the services of Professional Forensic Auditors are needed to help reduce the occurrence of corruption cases in Nigerian public sector. Consequently, the study suggests among others that the Federal Government of Nigeria should adopt the services of professional forensic auditors to help check the rate of corruption cases in Nigerian sector public.*

**Key Words:** Forensic auditing, corruption, fraud, litigation support service, assets misappropriation fraud, automated forensic auditing, financial statement fraud.

## Introduction

This paper examines forensic Accounting as a tool for detecting fraud and corrupt practice in Nigerian Public Sector; which is necessitated by the prevalent increase in the rate of misappropriation and embezzlement of funds in the economy. Nigeria seems to have acquired a name that is synonymous with corruption. As a nation, it has carved for itself the reputation of the most corrupt in the world. Our treatment in international politics can never be reversed or be meaningful, if corruption is left un-embattled in Nigeria (Gray, 2013). Nigeria as well as Rivers State has suffered tremendously in her economy in the hands of public servants and corrupt leaders who for selfish reasons reduced a country like Nigeria that is rich in oil, agriculture and other mineral resources to one of the poorest countries in the world. Gray (2013), defined Public Sector Fraud as the process where a party who has fiduciary responsibility to care for a property, then turns it to his own. This is generally stealing from the Nigerian government by civil servants, and encompasses a violation of fiduciary responsibility. Government fraud in Nigeria entails the giving and receiving of something of value like money, sex, gifts, whether requested for or not, to sway the receiver's action favorably toward the giver.

Other forms of corruption in Nigerian Public Sector include Bribery and extortion; Unlawful use of public assets for private purposes Over- and Under-Invoicing; Payment of salaries and other benefits to ghost (non-existent) workers and pensioners; Payment for air supply (goods or services not supplied or rendered); Under-payment of taxes and duties on exports and imports through false invoicing or other declarations; inflation of prices of goods purchased; Embezzlement of assets; Court pronouncements awarding financial compensations well in excess of any damage suffered; Deletion of documents or the whole case files; Favoritism and patronage.

No economy appears immune to the menace; fraud generally has been a global as well as contextual phenomenon that has persistently ravaged the economies of many nations. It has defiled all known

theoretical and practical solutions attempts over the years. It is a human phenomenon that has been bedeviling all socio-economic units' activity systems both in developed and developing countries. In developed economies as the United States of America, United Kingdom and even Australia to mention just a few, corporate and occupational fraud incidences involving large and prestigious companies and individual employees were reportedly responsible for the collapse of several corporate institutions such as Sunbeam, Kmartr, Enron, Global Crossing (USA), BCCI, Maxwell, Polly Peck (UK), HH Insurance (Australia) (Chatterji, 2009).

In Nigeria, fraud has hindered growth and national development, subverted the nation's values and norms, generated a culture of illegality and impunity in the public service, and frittered away the promise of the nation's future. Gray (2010). Fraud has caused decay and dereliction within the infrastructure of government and the society in general. In recent times, series of fraud have been committed by major political parties' office seekers, elected officials of high level and public officers. These in no doubt are perpetrated under the close supervision of both the internal and external auditors of the organization. Consequently, the government has promulgated several laws aimed at providing a legal framework to combat this economic monster called fraud but all effort have proved abortive. Nigerian President, Olusegun Obasengo in an attempt to respond to the yearning of Nigerians and international community's mobilized strength to eradicate this cankerworm by establishing the Anti Corruption Commission, Creation of the Due Process Office in the Presidency, Corrupt Practices and Related Offences Act of 2000, and the establishment of the Economic and Financial Crimes Commission (EFCC) in 2002. But despite all these efforts, fraud is still enduring all the wars, and has unrelentingly thrived rather than perish. The anti-corruption commission has been seen as a watchdog that can bark but cannot bite ( Okoye & Gbegi, 2013). The failure of existing fraud detection and prevention mechanisms of internal control, audit investigation to curb the fraud menace, has attracted widespread criticisms and agitations for alternative approach from stakeholders, it has prompted the accounting/auditing and law professions to seek for and adopt an alternative which is more effective in fraud detection and prevention. Consequently, the two professions have come up with the discipline of forensic auditing. The activities of forensic auditors involve the following: investigating and analyzing financial evidence; developing computerized applications to assists in the analysis and presentation of financial evidence; communicating their findings in the form of reports, exhibits and collections of documents; and assisting in legal proceedings, including testifying in courts, as an expert witness and preparing visual aids to support trial evidence (Bhasin, 2007).

This study therefore is aimed at ascertaining if forensic auditing will help reduce corruption cases in our economy using the modern fraud detection and prevention mechanisms to curb these fraudulent financial activities and thus contribute in bridging the gap. Ojaide (2000) submits that there is an alarming increase in the number of corruption and fraudulent activities in Nigeria public and private sectors, emphasizing the visibility of forensic auditing services. Okoye and Akamobi (2009), Owojori and Asaolu (2009), Izedomin and Mgbame ( 2011), Kasum (2009) have all acknowledge in their separate works, the increasing incidence of corruption and fraudulent activities in Nigeria and these studies have argued that in Nigeria, corruption and fraudulent activities is gradually becoming a normal way of life. As Kasum (2009) notes, the perpetuation of financial irregularities is becoming the specialty of both private and public sector in Nigeria as individual perpetrates fraud and corrupt practice according to the capacity of their office. Consequently, there is a general expectation that forensic auditing may be able to stem the tide of financial malfeasance witnessed in most sectors of the Nigerian economy.

The main purpose of the study is to examine the relationship between forensic auditing and corruption in Nigeria public sector. The specific objectives are to:

1. Determine the extent to which forensic auditing affects corruption in Nigerian public sector.
2. To determine the extent to which litigation support service affects Asset Misappropriation Fraud.

Consequently, the study fills this gap by addressing the following research questions:

- 1) To what extent does forensic auditing affect corruption and fraudulent financial activities in the Nigerian economy?
- 2) To what extent does litigation support service affects asset misappropriation fraud?

## **2.0 Literature Review**

### **2.1 Forensic Auditing**

Maurice E. Peloubet is credited with developing the term forensic auditing in his 1946 essay “Forensic auditing: Its Place in Today’s Economy.” By the late 1940s, forensic auditing had proven its worth during World War II; however, formalized procedures were not put in place until the 1980s when major academic studies in the field were published (Rasey, 2009). Since the 1980s in some Western countries, particularly in the USA, a new profession in the field of accounting and auditing has emerged. This profession identifies a field composed of accounting, auditing, and investigative skills (Ozkul & Pamukc, 2012). Forensic auditing is the specialty area of the accountancy profession which describes engagements that result from actual or anticipated disputes or litigation. “Forensic” means “suitable for use in a court of law,” and it is to that standard and potential outcome that forensic accountants generally have to work Crumbley, Heitger and Smith, (2005). Forensic accounting is recognized as a particular form of professional expertise and endowed with specific attributes; the recognition comes from possessing a formal certification in forensic auditing which provides symbolic value (Williams, 2002).

Forensic auditing is a science dealing with the application of accounting facts and concepts gathered through auditing methods, techniques and procedures to resolve legal problems which requires the integration of investigative, accounting, and auditing skills (Arokiasamy & Cristal, 2009; Dhar & Sarkar, 2010). Stanbury and Paley-Menzies (2010) state that forensic auditing is the science of gathering and presenting information in a form that will be accepted by a court of jurisprudence against perpetrators of economic crime. Hopwood, Leiner, and Young (2008) argued that forensic accounting is the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that meets standards required by courts of law. Degboro and Olofinsola (2007) noted that forensic investigation is about the determination and establishment of fact in support of legal case. That is, to use forensic techniques to detect and investigate a crime is to expose all its attending features and identify the culprits.

In the view of Howard and Sheetz (2006), forensic auditing is the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation 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. It is concerned with the evidentiary nature of accounting data, and as a practical field concerned with accounting fraud and forensic auditing; compliance, due diligence and risk assessment; detection of financial misrepresentation and financial statement fraud, Skousen and Wright, (2008); tax evasion; bankruptcy and valuation studies; violation of accounting regulation ( Dhar & Sarkar, 2010). The America Institute of Certified Public Accountants (AICPA) defines forensic auditing as services that involve the application of specialized knowledge and investigative skills possessed by Certified Public Accountants...Forensic accounting services utilize the practitioner’s specialized accounting, auditing, economic, tax, and other skills (AICPA 2010). Singleton and Singleton (2010), said forensic auditing is the comprehensive view of fraud investigation. It includes preventing frauds and analyzing antifraud control which includes the gathering of nonfinancial information. Bhasin (2007) noted that the objectives of forensic auditing include: assessment of damages caused by an auditors’ negligence, fact finding to see whether an embezzlement has taken place, in what amount, and whether criminal proceedings are to be initiated; collection of evidence in a criminal proceedings; and computation of asset values in a divorce proceedings. He argues that the primary orientation of forensic auditing is explanatory analysis (cause and effect) of phenomenon including discovery of deception (if any), and its effects introduced into the accounting domain. According to Bhasin (2007), forensic auditors are trained to look beyond the numbers

and deal with the business realities of situations. Analysis, interpretation, summarization and the presentation of complex financial business related issues are prominent features of the profession. He further reported that the activities of forensic auditors involve: investigating and analyzing financial evidence; developing computerized applications to assist in the analysis and presentation of financial evidence; communicating their findings in the form of reports, exhibits and collections of documents; and assisting in legal proceedings, including testifying in courts, as an expert witness and preparing visual aids to support trial evidence. In the same vein Degboro and Olofinola (2007) stated that forensic auditor's provide assistance of accounting nature in a financial criminal and related economic matters involving existing or pending cases as specified by the Alliance for Excellence in Investigation and Forensic auditing (Alliance) of Canada: assisting in obtaining documentation necessary to support or refute a claim; review of the relevant documentation to form an initial assessment of the cases and identify areas of loss; assistance with the examination for discovery and the formulation of questions to be asked regarding the financial evidence; attendance at the examination of discovery to review the testimony; assist with understanding the financial issues and to formulate additional questions; reviewing of the opposing expert's damaging report, and reporting on both the strengths and weaknesses of the position taken; and attendance at trial, to hear the testimony of the opposing expert and provide assistance with cross-examination.

Gray (2008) reported that the forensic auditors investigation include identification fraud. Gottschalk (2010) stated that the focus of forensic auditing is on evidence revealed by the examination of financial documents. The evidence collected or prepared by a forensic accountant may be applied in different contexts. According to Curtis (2008), forensic accountants are essential to the legal system, providing expert services such as fake invoicing valuations, suspicious bankruptcy valuations, and analysis of financial documents in fraud schemes. These forensic auditors calculate values, draw conclusions and identify irregular patterns or suspicious transactions by critically analyzing the financial data Arokiasamy and Cristal, (2009). It provides an auditing analysis to the court for dispute resolution in certain cases and it also provides the court with explanation to the fraud that has been committed. That is why forensic auditing may play a vital role in detecting and reducing accounting frauds in the business sector. In this concept, forensic accountants provide an account analysis to determine the facts necessary to resolve a dispute before it is brought before the court or the lawsuit process takes its course Ozkul and Pamukc, (2012). The job of forensic auditors is to catch the perpetrator and fraud occurring in the companies per year. This includes tracing money laundering and identity theft activities as well as tax evasion. Insurance companies hire forensic auditors to detect insurance frauds such as arson, and law offices employ forensic auditors to identify marital assets in divorce cases (Weygandt, Kieso & Kimmel, 2008). Forensic auditing has been pivotal in the corporate agenda after the financial reporting problems which took place in some companies around the world. For instance, Enron, Tyco, and WorldCom. These scandals resulted in the loss of public trust and huge amounts of money. In order to avoid fraud and theft, and to restore the badly needed public confidence, several companies took the step to improve the infrastructure of their internal control and accounting systems drastically. It was this development which increased the importance of accountants who have chosen to specialize in forensic auditing and who are consequently referred as forensic auditors. Baird and Zelin (2009) say that forensic auditing is important investigative tool for detection of fraud.

### **Financial Fraud**

Financial fraud has been variously described in literature. Wikipedia dictionary describes Fraud as crimes against property, involving the unlawful conversion of property belonging to another to one's own. Williams (2005) incorporates corruptions to his description of financial crimes. Other components of fraud cited in Williams (2005) description include bribes cronyism, nepotism, political donation, kickbacks, artificial pricing and frauds of all kinds. The array of components of financial crimes, some of which are highlighted above, is not exhaustive. The EFCC Act (2004) attempts to capture the variety of economic and financial crimes found either within or outside the organization. The salient issues in EFCC Act (2004) definition include "violent, criminal and illicit activities committed with the objective of earning wealth illegally... in a manner that violates existing legislation... and these include any form of fraud, narcotic

drug, trafficking, money laundering, embezzlement, bribery, looting and any form of corrupt malpractices and child labour, illegal oil bunkering and illegal mining, tax evasion, foreign exchange malpractice including counterfeiting, currency, theft of intellectual property and piracy, open market abuse, dumping of toxic waste and prohibited goods, etc. This definition is all-embracing and conceivably includes financial crimes in corporate organization and those discussed by provision authors William, and Khan, (2005). At the level of corporate organizations, financial crimes were known to have led to the collapse of such organizations.

## 2.2 Corruption Fraud

According to Osisioma (2012), *Corruption* is an act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit for himself or for another person, contrary to duty and the rights of others. It is the giving and receiving of something of value e.g. money, sex, gifts, whether demanded or not, to influence the receiver's action favourably toward the giver. Where corruption is rife, those holding public office are not held to any distinction between public and private behaviour, notions of service and merit do not exist, and the ends of power are little more than self-enrichment. The different forms of corruption include Bribery and extortion; Fraud and embezzlement; Illegal use of public assets for private gains; Over- and Under-Invoicing; Payment of salaries and other benefits to non-existent ("ghost") workers and pensioners; Payment for goods not supplied or services not rendered ("air supply"); Under-payment of taxes and duties on exports and imports through false invoicing or other declarations; Purchase of goods at inflated prices; Misappropriation of assets; Court decisions awarding monetary damages well in excess of any injury suffered; Removal of documents or even whole case files; Nepotism and patronage (Ruzindana, 1998).

### 2.2.1 Types of Corruption Activities in Nigeria

Based on existing studies on corruption, the following types of corruption are visible in Nigeria: **Political:** This is the sale by government officials of government property for personal gain. It involves the use of public office by politicians both for financial gain and purposes of remaining in office. It is further facilitated by the creation of rent seeking projects. **Bureaucratic:** This involves the use of public office for pecuniary gain. Bureaucratic corruption is common in Nigeria because the government plays crucial roles in the development process, especially intervening in the domestic economy. It is also common where there is instability in government and lack of tenure, which drive bureaucrats to engage in rent seeking opportunities for personal aggrandizement. Socio-economic conditions, such as poverty and inequality, cultural norms and practices, such as kinship loyalty not only impinge directly on public officials but also shape their behavior. **Electoral:** Electoral corruption occurs when people, whether endowed with political clout or not, illegally try to buy influence through rough illegal payoffs such as illegal funding of campaigns, illegal campaign contributions, bribes, buying of votes for cash or other inducements (i.e. paying voters to vote, thereby influencing their choices), promise of contracts or other favors etc. Electoral corruption may also take coercive forms, such as paying thugs to intimidate or threaten supporters of a candidate in order to compel supporters to vote for the candidate who employed the thugs or stop them from voting entirely. Electoral corruption can lead to outright rigging of elections; expectation of reward once victory is achieved, or encouraging quid pro quo deals Etzioni, (1988). It can include weak credible opposition politics, and the undermining of democratic values, especially where there is a conflict between the politicians' interests and those of the public. **Corporate:** Corporate corruption occurs in the relationship between private business corporations and their vendors or clients. It can also take place within a corporation when officers use company's resources for private aggrandizement, at the expense of the shareholders Bhargava, (2005).

## 2.3 Asset Misappropriation Fraud

According to Chad Albrecht (2010), Asset misappropriation fraud happens when people who are entrusted to manage the assets of an organization steal from it. Asset misappropriation fraud involves third parties or

employees in an organization who abuse their position to steal from it through fraudulent activity. It can also be known as insider fraud. This type of fraud can be committed by company directors, or its employees, or anyone else entrusted to hold and manage the assets and interests of an organization. Typically, the assets stolen are cash or cash equivalents, such as credit notes or vouchers. However, the fraud can extend to include company data or intellectual property. At one end of the scale, asset misappropriation fraud may be limited to isolated cases of expense fiddling or an employee lying about his or her qualifications to get a job. Ezeilo, (2010).

## **2.4 Financial Statement Fraud**

*Bradford (2010)*, defined financial statement fraud as deliberate misrepresentation, misstatement or omission of financial statement data for the purpose of misleading the reader and creating a false impression of an organization's financial strength. Public and private businesses commit financial statement fraud to secure investor interest or obtain bank approvals for financing, as justification for bonuses or increased salaries or to meet expectations of shareholders. Upper management is usually at the center of financial statement fraud because financial statements are created at the management level. Due to its nature, financial statement fraud is committed by one or more persons in top management. Frequently, collusion between a number of persons is found behind such schemes. This type of fraud can be devastating to an organization and the morale of the employees who have committed much of their lives to an organization.

## **2.5 Investigative Audits**

Smith (2011) defined investigative audit as utilization of specialized investigative skills in carrying out an inquiry conducted in such a manner that the outcome will have application to a court of law. A Forensic Investigation may be grounded in accounting, medicine, engineering or some other discipline. Ezeilo (2010) also defined investigative audit as “audit that are performed to investigate incident of possible fraud or misappropriation of institution funds.” It is usually seen as an audit that takes place as a result of report of unusual or suspicious activity on the part of an individual or a department. It usually focuses on specific aspects of the work of a department or individual in relation to fraud and corruption, so as to examine how the systems can be reinforced for fraud prevention and detection. Ezeilo (2010) further explains that investigative audit is a valuable part of audit toolkit because it focuses on the risks that threaten achievement such as risk of fraudulent claims for expenditure, fraudulent provision of services to an organization or fraud and evasion of revenue payments. It also concentrates on the standards of financial management, implementation of internal control regimes and electronic services. It is also worth noting that this audit differs from other audits because they are normally conducted without first notifying the personnel who may be affected by the findings. In carrying out this investigation, the forensic auditors who are usually referred to as investigative auditors have certain principal tools used in investigating, and they include;

- i. Information (informants)
- ii. Interviews (witnesses)
- iii. Interrogation (suspects)
- iv. Instrumentation (crime laboratory, comparison microscopes, polygraph etc.).

Out of all these tools, information contribute to the solution of crime more than the other tools, although there are some evidence that instrumentation could be used more frequently and more effectively to solve a greater number of crimes.

## **2.6 Litigation Support Services**

Forensic accounting and auditing are performed to achieve an objective that involves a judicial determination Chatterji, (2009; 4). It involves the use of accounting, auditing and investigative skills to assist in legal matters. Forensic accounting comprises of two major components of litigation support services that recognize the role of the forensic accountant as an expert witness/consultant's skill and may

require possible court room testimony Coulbert, (2004). According to the definition developed by the AICPA's forensic and litigation service committee, forensic auditing involves the application of special skills in accounting, auditing, finance, quantitative methods, the law and research Houck, (2006). Forensic auditing requires investigative skills to collect, analyze, and evaluate financial evidence, as well as the ability to interpret and communicate findings Chatterji (2009) Forensic auditing encompasses litigation support, investigative accounting, and dispute resolution and, therefore is the intersection between accounting, investigation, and the law Coulbert (2004) Crumbley and Appostolou (2005) Rezea (2002). Forensic accounting/auditing is mainly intended to prevent and detect the existence of fraudulent financial reporting through examination and investigative processes Chatterji, (2009;4).

### 3. Research Methodology

This study adopts the cross-sectional field survey of quasi-experimental research design. Data used in this study were mainly collected from secondary sources which include: Press Reports, report of Economic and Financial Crime Commission (EFCC), reports from Independent and Corrupt Practices Commission (ICPC), and report from investigation committees. The data collected was analyzed with the use of Simple regression; SPSS Version 20.0 was particularly used.

#### Hypotheses tests

**H<sub>01</sub>: There is no significant relationship between forensic auditing and Corruption in Nigerian Public Sector.**

**Table 1. A simple regression for forensic auditing and corruption in Nigerian public sector at 5% level of confidence.**

Variable	Co-efficient	R <sup>2</sup>	t-value	F-value	Prob.
Constant (C)	0.217	0.490	2.703	1.445	0.079
C			0.667		0.004

From table 1 shows a positive relationship between forensic auditing and corruption. Forensic audit investigates the financial records of the organization with a view to detecting any misgiving that may exist therein. R<sup>2</sup> being 0.490 shows that approximately 49% of the total variation in corruption is explained by forensic auditing. The remaining 51% is caused by other variables outside the model but covered by the error term. F-value calculated of 1.445 is less than 10.13 table values implying that the model is significant at 0.05 level of significance.

The T-value calculated of 2.705 is greater than table value of 2.353 which indicates that there is a significant relationship between forensic auditing and corruption. This result is consistent with literature as supported by other results in respect of forensic audit and corruption in Nigeria. According to Albrecht, (2005) while discussing the effect of corruption observed that in preparing financial statements, management is responsible for making a number of judgments or assumptions that affect significant accounting estimates and for monitoring the reasonableness of such estimates on an ongoing basis. Fraudulent financial reporting often is accomplished through intentional misstatement of accounting estimates. It was also found that material misstatements in financial statements due to fraud can occur throughout the period and may involve extensive efforts to conceal how it is accomplished. Fraudulent financial reporting need not be the result of a grand plan or conspiracy. It may be that management representatives rationalize the appropriateness of a material misstatement, for example, as an aggressive rather than indefensible interpretation of complex accounting rules, or as a temporary misstatement of financial statements, including interim statements, expected to be corrected later when operational results improve.

Conventionally,  $t_{\text{calculated}} = 2.705 > t_{\text{table}} = 2.323$ .

Therefore, the null hypothesis is rejected meaning that there is a significant relationship between investigative audit services and payroll fraud.

**H02: There is no significant relationship between litigation support services and asset misappropriation fraud.**

**Table 2. A simple regression for forecasting litigation support services and asset misappropriation fraud at 5% level of confidence.**

Variable	Co-efficient	R <sup>2</sup>	t-value	F-value	Prob.
Constant (C)	0.952	0.906	0.420	6.289	0.084
AMF			9.289		0.002

From table 2, a strong correlation exist between litigation support services and asset misappropriation fraud. R<sup>2</sup> being 0. 906 show that approximately 90% of the total variation in assets misappropriation fraud is explained by litigation support services. The remaining 10% is caused by other variables outside the model but covered by the error term. F-value calculated of 6.289 is less than 10.13 table values implying that the model is significant at 0.05 level of significance.

The T-value calculated of 9.289 is greater than table value of 2.353 which indicates that litigation support services significantly affect asset misappropriation as an aid to fraudulent activities in Nigeria.

Conventionally,  $t\text{-calculated} = 9.289 > t\text{-table} = 2.323$ .

Therefore, the null hypothesis is rejected meaning that there is a significant relationship between litigation support services and assets misappropriation fraud. This result is consistent with the work of Coulbert (2004) who found that most litigation actions taken against individuals or organizations are as a result of asset misappropriation. Any business asset can be stolen by employees or third parties, or by employees and third parties acting in collusion. Examples of common employee and management fraud include: Direct theft of cash or realizable assets, such as stock or intellectual property, such as price or customer lists. Make false expense claims. Payroll fraud–diverting payments or creating fictitious employees.

### **Conclusion**

Based on the findings, this paper concludes that:

- a) An increase in forensic auditing significantly leads to a decrease in the occurrence of corruption cases in Nigeria.
- b) That Forensic auditing institute good corporate governance in the Nigerian public sector which will install public confidence in the government and the entire system.
- c) The traditional auditing has limitation in detecting fraudulent practices which the forensic auditor will effectively fill. They have the professional ability back up by law to break into the organization system and examine the books, make discoveries and present the documentary evidences in the law courts.

### **Recommendations**

Following the findings and the conclusions drawn from the study, the following recommendations were made:

1. The Federal Government should adopt the use of Professional Forensic Auditors in the Nigerian public sector to help reduce the occurrence of corruption cases. The Professional Forensic Auditors should conduct the investigation in such a manner that, where there is evidence of corruption, appropriate disciplinary action in accordance with the Provision of Public Service Rules should be implemented. Criminal prosecution should also be instituted as well as civil action to recover any losses of public fund or property.
2. Training of forensic auditors should be conducted regularly so as to enable them carry out investigation and litigation support services successfully.



3. Auditors should be encouraged to make adequate use of automated forensic tools to investigate suspicious activities of corruption or misappropriation of fund.
4. The image of Nigeria in the international community has discouraged foreign direct investment because of economic and financial crime. This has effect on development, employment and the standard of living of the people. Eradication of economic and financial crime through the adoption of forensic auditing in Nigeria will improve the image of country.
5. Government and regulatory authorities should ensure the provision of standards and guidelines to regulate forensic activities and above all Nigerians should embrace integrity, objectivity, fairness and accountability in their day-to-day activities.

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