

Effect of Forensic Accounting on Financial Fraud in Nigeria

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Forensic Accounting,
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Abstract:

This study examined the relationship between forensic accounting and fraudulent activities in Delta State corporate firms. Specifically, the study intended to: examine the extent forensic accountant relates to fraud prevention in corporate firms, and determine how Forensic accounting relates to fraud detection in corporate firms. The study adopted a descriptive survey design in which data were collected across a population through sampling. A sample of 198 was chosen from population of 393 Accounting officers and Internal Auditors from various ministries in the State, using Taro Yamane's formula. Data were collected through survey using copies of questionnaire as research instruments. In testing the hypotheses formulated, data were analyzed using Pearson correlation coefficient tool at 0.05 level of significance via Statistical Package for Social Sciences (SPSS), version 20.0. From the analysis and hypotheses tested, the study shows that there is a significant relationship between forensic accounting and fraud prevention and fraud detection in selected firms in Delta State. On this note, it was recommended that the firm management should enforce the application of forensic accounting principle in their various firms and method to tackle fraud and irregularities in corporate firms.

Introduction

Fraud is an endemic that are gradually becoming a normal way of life in private sectors, from the presidential cabinets, down to the political officer, to the ward councilors, from managing directors of companies, through middle management cadre and to lower

managers in Nigeria (Gbegi & Adebisi, 2014). Financial fraud has for long been categorized as a menace that led to the collapse of many reputable institutions in the world which include Enron, Bernie Madoff scandals, World com, Lehman Brothers, Tyco International Ltd, and Adelphia Communications Corporation in

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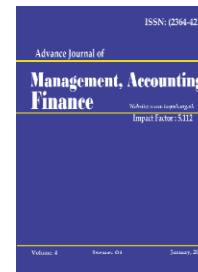
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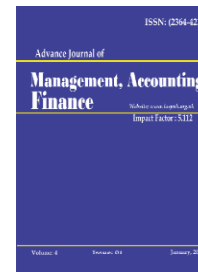


the USA, Parmalat crises in Italy and HIH Insurance Ltd in Australia.

In Nigeria, the cases of Cadbury Nigeria Plc; Afribank Nigeria Plc, NAMPAK, Oceanic Bank Nigeria Plc, and African Petroleum Plc were relatively caused by massive fraud (Sule, Ibrahim, & Sani, 2019). Despite the several legislations put in place to reduce, alleviate and if possible, eliminate the occurrence and incidences of fraud, it is worrisome that incidences of fraud have become so widespread that it is fast assuming an epidemic proportion in Nigeria.

Forensic accounting is the tripartite practice of utilizing accounting, auditing and investigative skills to assist in legal matters. It is a specialized field of accounting that describes engagements that result from the actual or anticipated disputes or litigation. According to the Centre for Forensic Studies (2010) report, the increasing need for forensic and investigative accounting in the banking sector results from the complexities of modern-day banking with large volume of complex data. This makes it difficult to monitor transactions by applying manual audit processes. This in turn makes the control utility of auditing ineffective. Virtually all the weaknesses and challenges identified in the banking industry in Nigeria's post-consolidation, and criminal investigations and prosecutions arising from them, are issues for forensic accounting. Hence, Modugu and Anyaduba (2013) conclude that the general expectation is that forensic accounting may

offer some respite to the seeming vulnerability of conventional accounting and audit systems to financial fraud. Abdulrahman (2019), documented that financial related fraud and increase in financial crime has led to the need of forensic accounting in order to aid investigation and prosecution of the syndicates of financial crimes just liked in the case of some prominent political parties ex-governors in Nigeria are presently facing trials on money laundering, embezzlement, misappropriation of funds, security fraud, breach of contract from different court of laws within the country and many more including some public civil servants that converted public treasury as personal assets to their pockets. Ehioghiren and Atu (2016) opined that forensic accounting encompasses three major areas, investigation, dispute resolution and litigation support. Forensic accounting has been identified as tool in detecting and implementation of white-collar Investigations (Hansen, 2009). Enofe, Olorunnuho and Okporua (2016), reported that forensic accountants play a role in litigation support services in the public sector and are relevant in documentation and reporting. It was observed that forensic accounting plays a significant role in curbing crime and corrupt practices in any public sector since it provides a mechanism to hold people accountable, such that those who manage resources in a fiduciary capacity do not easily abuse that trust without detection. Gbegi and Adebisi, (2014) observed that the forensic accounting skills and techniques could help to



investigate fraud occurrence since the external auditors do not or may not have the required training to be able to tackle modern frauds like white collar crimes such as security fraud, embezzlement, bankruptcy, contract disputes, and possible criminal financial transactions.

There is an alarming increase in the number of fraud and fraudulent activities in Nigeria, requiring the visibility of forensic accounting services. Also the recent happening in the forensic audit of the oil sector where the present government is demanding for another forensic audit exercises to be carried out after a Nigerian audit firm has presented a report to the authority. In recent, several studies have centered on the detective role of forensic accounting in fraud management in Nigeria especially in banks. It is on this note that this study takes more in-depth look at forensic accounting and its use in fraud management by firms in Nigeria.

Series of fraud have been committed both in the public sector and private sector of the country (Smith, 2020). This was further uncovered by in his work, when he clearly stated that independent of the effort of the internal auditor to curb this menace happening have not yielded the desired result. This could be because of the increase in the work load of the audit development on daily basis and sometimes the independence of internal auditor is compromised by management, hence these frauds in no doubt are perpetrated under the

supervision of the internal auditors of the organization.

Quite number of the studies was conducted within and across the globe; there studies were uncertain hence majority of the studies revealed that forensic accounting is a veritable tool for fraud prevention and detection (Okoyo et al 2019; Okoye et al (2022; Onyebisi et al 2018), while some studies disagree to it (Uniamiogbo, Adeus and Amu, 2019; Jagun, 2016). However, some studies reported that there are no authentic techniques so far for detection of fraud in various organizations. Besides, this, much of the studies were carried out in banking sector, hence there is a limited study of this nature in public sector. This study therefore seeks to ascertain the effect of forensic accounting on financial fraud on selected firms in Delta State.

This study examines the relationship between forensic accounting and fraudulent activities in Delta State corporate firms. Specifically, the study intended to:

1. Examine the extent forensic accountant relates to fraud prevention in corporate firms.
2. Determine how Forensic accounting relates to fraud detection in corporate firms.

Conceptual Review

Forensic accounting

Forensic accounting 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; tax evasion; bankruptcy and valuation studies; violation of accounting regulation (Dhar and Sarkar, 2010). Forensic accounting is the specialty area of the accountancy profession which describes engagements that result from actual or anticipated disputes or litigation (Walakumbura and Dharmarathna, 2022). This is act of investigating fraudulent activities in an organization that penetrated by various government employees with the application of court jurisdiction in a given period (Fyneface and Oseiweh, 2017). This is the application of criminal law for detecting financial and economic crimes in a country with the utilization of special skill techniques (Al Samara et al, 2017). Akintoye (2008) reported that forensic accounting is a discipline that is suitable for legal review, offering the highest level of assurance, and including the new generally accepted connotation of having been arrived at in a scientific fashion and providing the needed findings in settling disputes. Forensic accountants calculate values, draw conclusions and identify irregular patterns or

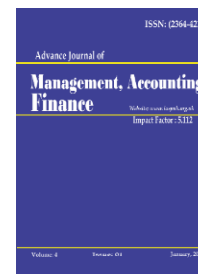
suspicious transactions by critically analyzing the financial data.

Forensic accounting demands reporting, accountability of the fraud when established and the report is considered as evidence in administrative proceedings or in the court of law. Forensic accounting came into existence as indispensable cronies in the war against frauds and economic crimes. Forensic accountants with appropriate training, education and experience can provide assistance to agencies and departments charged with the responsibility of enforcement, recovery, audit committees, regulation and financial statement audit teams to enhance their responsibilities (Popoola, et al, 2013).

Financial Fraud

Fraud is the act of dishonesty by human being for the purpose of deriving advantage over its limit in discharging government or non-governmental responsibility (Enofe *et al.*, 2013). This act violates the government sector rule and regulations in the country. “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, 2007).

Fraud is a predetermined as well as planned tricky process or device usually undertaken by a person or group of persons with the sole aim of cheating another person or organization to gain ill-gotten advantage which would not have accrued in the absence of such deceptive procedure (Nwaze, 2012). Accounting fraud is



an act of knowingly falsifying accounting records, such as sales or cost records, in order to boost the net income or sales figures; accounting fraud is illegal and subjects the company and the executives involved to civil lawsuits (Arokiasamy and Cristal, 2009). Gate and Jacob (2009), for deception to meet the legal definition of fraud, there must be damage, usually in terms of money, to the victim. This under the common law must include a materially false statement, knowledge that the statement was false when it was uttered, reliance on the false statement by the victim and damages suffered by the victim as a result (Obiora, Onuora & Amodu, 2022).

Fraud is a global problem in the overall business, particularly in nations confronting financial crises or undergoing financial troubles. It is seen as a highly complicated phenomenon that influences all of the economy's main metrics. Perversion and financial fraud have caused massive devastation to businesses all around the world (Toms, 2019; Yusoff et al., 2015). Fraud has a significant detrimental influence on developing countries, particularly Iraq, where it has been a limitless and ongoing challenge. On the other hand, financial frauds led to massive economic collapse, controversies, and the bankruptcy of numerous companies and large businesses. Many under-emerging countries and developing, such as Enron, WorldCom, Xerox, Kmart, and others (Othman, 2015; Tom, 2019).

Forensic Accounting and Fraud Reduction

Fraud is an intentional or deliberate deception resulting in injury to another person. It is a deliberate misrepresentation, which causes another person to suffer damages usually monetary losses. Fraudulent schemes vary in scope and context especially with the position of the perpetrators within an establishment. In the public sector environment, bribery, misappropriation, mismanagement of fund and budget padding are common (Okpala & Enwefa, 2017). It is on this basis that various authors described fraud in different ways to suit their perception (Ozili, 2015). Fraud may be committed when one is under pressure or has the opportunity to do so. Fraud can equally occur due to rationalization.

Corruption is a threat to Nigeria economy. Waziri (2009) encouraged Nigerians to be more vigilant and honest in managing their economic affairs, as it cannot continue to waste its wealth in the fight against the global economic meltdown caused by corruption. That if, in the midst of global economic crises, Nigerians tend to manipulate the economy into graft, there is an impending disaster that they may not be able to recover from for a long time. He submitted that deprivation could be used as a tool in fighting its uprising. She concluded that EFCC would not leave nor slow down its primary responsibility of investigating and prosecuting graft and economic crimes.

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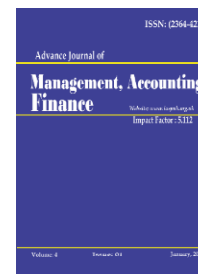
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Furthermore, a lot of conduct research has talked about how important it is for accountants to do the forensic technique. As a result, forensic accounting is often called in to testify in lawsuits about accounting information and the financial sector (Davis et al., 2010). This means that understanding the complicated, thus being prepared to describe your viewpoints in a certain way, is very important to the success of forensic accounting. Besides that, process data, tracking, reasoning abilities, and efficient internal documents were all-important techniques for a forensic accountant. Also, fraud prevention and witness statements were designed to assist forensic accountants in learning more about how to analyze and evaluate accounting transactions (Gbegi et al, 2014).

Fraud detection and Prevention

Fraud Detection Is the application of investigative skill to expose and uncover an intentional or deliberate act by an employee of the deposit money bank, the third party or both to distort financial statements, or to divulge vital information of unsuspecting customers of the bank in order to perpetrate Fraudulent activities and financial crime (Ojo-Agbodu, Abiola, & Ndubisi, 2022). Detection of fraud is to uncover the existence of something abnormal as well as something not in conformity with process flow. Crime analysis requires the direct recognition of organizations real or possible crime.

Ramaswamy (2005) stated that poor corporate governance, accounting failures and problems in the corporate reporting system as the key factors which can lead to fraud. Okoye and Gbegi (2013) have conducted a study to determine the impact of forensic accountants' evaluation on management fraud detection procedures and found that forensic accountants are more effective in management fraud detection than auditors when the fraud risk is very high. Enyi (2009) has stated that all typical statutory audits should contain some elements of forensic inquiry as it is easy to recognize the frauds. But to carry out this, auditors should understand forensic accounting methods (Efiog, 2012).

Fraud Prevention is to proactively stop something from taken place. It is the process of stopping the occurrence of fraud and fraudulent activities in a deposit money bank and other organizations. Ozili (2018) submitted the closing of all enabling opportunity and factors that encourage frauds in deposit money banks and other organizations. For example, in a branch operation of a deposit money bank, some area should be out of bound to non-staff of some sensitive units, second level authorization by a superior officer of the banks, documentation and audit trail of some sensitive activities and of course the resident control officer to ensure compliance to all internal and accounting system controls to deter or stop fraud in an organization (Ojo-Agbodu, Abiola, & Ndubisi, 2022).

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Gradually, there has been a significant emergence in many illegal financial activities, especially in the locations of fraud and manipulation. High- and low-income establishments worldwide have to deal with this issue. Due to these prominent main reasons, Forensic accounting has become a vital factor in resolving this issue (Daniels et al, 2013). Forensic accounting is a part of forensic science that looks at a company's financial records to see if there will be a fraud. Many things can happen, like misappropriation of funds, malfeasance, robbery, tax evasion, and inaccurate financial reporting. Consequently, forensic accounting is a perfect way to look through all kinds of financial crimes (Ashbaugh-Skaife et al 2008: Davis et al, 2010). Hence, the phrase "forensic accounting" relates to an individual who gave testimony in the trial about what he regards roughly a lawsuit. For example, forensic accounting should know the proof rules when there is a conflict about money in court (Godwin et al 2018: Eze, 2019). This should show that the individual in charge of all the substance and documents did so for care, so a complete set of important information was kept. During the next step, the person who did the accounting must be ready to make a formal statement that is clear, honest, and convincing (Gligorić, 2017: Rahim et al., 2017).

Empirical Review

Solanke, et al (2023) examined the effect of forensic accounting on fraud detection and prevention in government establishments in

Nigeria with the utilization of primary data through the use of questionnaire. The regression was applied for the analysis and discovered that forensic accounting had highest 0.329 of fraud detection and preventions' tool. The study revealed a positive significant effect of fraud detection and preventions on the dependent variable in relationship with funds lost to fraud while the other variables did not have significant effect on recovery of funds lost to fraud. Ojo-Agbody, Abiola, and Ndubusi (2022) examined effect of forensic accounting on fraud detection and prevention in selected quoted Deposit Money Bank (DMBs) in Nigeria. The survey design was used in the study with a sample size of 115 resident internal control officers, Branch operation manager and cash officer/head teller from Access bank, First bank, GT bank, Union Bank, UBA and Zenith Bank. The study utilized simple linear regression and the findings of the study indicated that there is a significant relationship between forensic accounting and fraud detection while forensic accounting has no effect on fraud prevention in the quoted DMBs. The study concluded that forensic accounting has not been able to prevent fraud occurrence in the branch operation of DMBs in Nigeria. Walakumbura and Dharmarathna (2022) examined the impact between forensic accounting knowledge on fraud detection. The researcher has adopted the deductive approach for this study and the primary data has been collected from 165 accounting practitioners in Sri Lanka. Fraud

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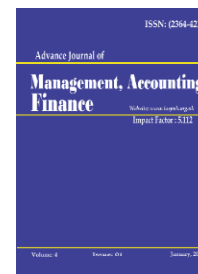
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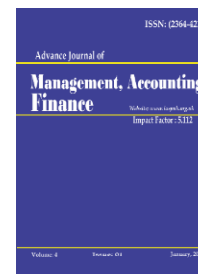
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detection has been considered as the dependent variable while accounting skills, legal background, knowledge of procedures, and forensic accounting knowledge have been considered the independent variables. For the analysis purpose, descriptive statistics, factor analysis and inferential statistics such as multiple linear regression have been adopted. The findings of the study revealed that there is a significant impact in between the accounting skills, knowledge of procedures and knowledge of forensic accounting on fraud detection while there is no any significant impact between the legal background and the fraud detection. Alrawasgeh et al. (2021) has conducted a study on the role of technology for activating the use of forensic accounting in financial fraud detection. The main objective of the study was to investigate the limitations facing the use of IT in forensic accounting when discovering the financial frauds. The results of the study suggests that use of IT in forensic accounting has affected from the cost of IT infra-structure, the lack of training and the high cost of IT providers. Finally, the insights of the paper conclude that it will enhance and help the role of forensic accounting in the fraud detection procedure. Prabawo and Yogi (2021) examined the undergraduate's forensic accounting in Indonesia. The researchers have adopted the qualitative research approach and primary data has been collected from the undergraduates of the Islamic University of Indonesia. The findings of the study suggested restructuring

and develop the curriculum with theoretical and practical knowledge in forensic accounting. Adesina, Erin, Ajetunmobi, Ilogho and Asiriuwa (2020) examined the importance of the application of forensic audit in controlling financial frauds that ravage or threaten the soundness and business continuity of Deposit Money Banks (DMBs) in Nigeria. The study used survey design methods, and the primary data were obtained through the administration of structured questionnaire covering seventeen (17) banks out of twenty-two (22) Deposit Money Banks (DMBs) operating in the country, which is 77.3%. In this study, the Ordinary Least Squares (OLS) method was used to analyze and test hypotheses, and the findings showed that the involvement of qualified and experienced forensic auditors would not only contribute to the amelioration of financial frauds in DMBs, but would also lead to much-needed sanity in the banking sector of Nigeria. Okoye, Nwoye, Akuchi and Onyema (2020) examined forensic accounting techniques used to detect labor fraud in the state of Anambra, Nigeria. The study used targeted sampling and a cross-sectional research design. The study population consisted of state anti-corruption agencies with a sample size of two hundred and fifty, comprised of investigators, prosecutors, finance, accounting and auditing staff. In their study, the questionnaire was used as the main source of data, and the data obtained were analyzed using descriptive statistics and the Kruskal-Wallis test. The result of the study



suggests that there are no generally accepted forensic investigation techniques to detect fraud in the public sector and that there is a positive and significant association between forensic accounting methods and fraud detection in the public sector. Sumartono, Urumsah, and Hamdani (2020) have done a study to reveal the effect of skills of forensic accountants on exposing frauds in the public sector of Indonesia. A questionnaire is distributed to the audit board at the Republic of Indonesia, and the 44 respondents returned the responses. The empirical findings show that investigative skills and business valuation significantly affect and business skills negatively impact the skills of forensic accountants when revealing frauds in the public sector. Abadulrahman (2019) examined forensic accounting on fraud detection in Nigerian public sector by using selected studies conducted within Nigeria and outside of Nigeria. The data was collected from secondary sources or content analysis. The researcher found that there is a significant favourable influence exist between forensic accounting and fraud prevention. Moreover, the researcher suggested development in the legal framework to support forensic accounting. Okoyo et al. (2019) has conducted a study regarding forensic accounting and fraud prevention in manufacturing companies in Nigeria and have considered forensic accounting as the dependent variable while considering the fraud investigation practice, fraud litigation practice and fraud prevention

have been considered as the independent variables. The regression analysis has been deployed to figure out the experimental results and the empirical findings suggest a significantly positive relationship between fraud investigation practices and the prevention of fraud in manufacturing companies. And also, the findings suggest a significantly positive relationship between fraud litigation practices and the prevention of fraud in manufacturing companies. Finally, the insights of the study conclude that fraud investigation practices and fraud litigation practices are vital in the fraud prevention procedures in Nigeria. Asusu, (2019), conducted a study on forensic auditing, fraud reduction and fraud prevention in DMBs in Nigeria. The study adopted Survey research design, while data was collected through personal interview, questionnaires and document review. The sample size of forty-eight operations managers, internal auditors and general managers were used from sixteen banks in Nigeria. The finding of the study revealed that forensic investigation and auditing services is significantly related with internal control systems and cash management systems of DMBs. Uniamiogbo, Adeusi and Amu (2019) examined the impact of forensic audit on fraud detection and prevention in the Nigerian banking sector. The study covered a period of five (5) years spanning 2012-2016. Data generated were analyzed using charts, graphs, tables and regression. The findings revealed that forensic audit has a significant negative impact



on number of fraud cases, number of staff involved in bank fraud, and actual amount of bank losses through fraud in the Nigerian banking sector. However, forensic auditing has insignificant impact on expected losses generated through fraud activities in the Nigerian banks. Hamdan (2018) has conducted a study to determine the effect of forensic accounting mitigation of fraud by collecting primary data from 630 accountants in Jordan via a structured questionnaire. Confirmatory factor analysis and regression were carried out, and the results suggested that forensic accounting is an effective tool to detect fraud. Henry and Ganiyu (2017) examined the effect of forensic accounting services on fraud reduction in Nigerian banking industry. The study used an adjusted population four (4) banks with A+ credit rating, which are GT Bank, Zenith Bank Plc, Skye Banks Plc and Access Bank Plc. The study found that forensic accounting services are able to reduce the occurrence of fraud in the banking sectors.

Quite number of the studies was conducted within and across the globe; there studies were uncertain hence majority of the studies revealed that forensic accounting is a veritable tool for fraud prevention and detection (Okoyo et al 2019; Okoye et al (2022; Onyebisi et al 2018), while some studies disagree to it (Uniamiogbo, Adeus and Amu, 2019). However, some studies reported that there are no authentic techniques so far for detection of fraud in various organizations. Besides, this, much of the studies

were carried out in banking sector, hence there is a limited study of this nature in non-financial sector. This study therefore seeks to ascertain the effect of forensic accounting on financial fraud on selected firms in Delta State.

Methodology

The study adopted a descriptive survey design in which data were collected across a population through sampling. This design is also preferred as it makes enough provision for protection against bias and maximizes reliability. Furthermore, survey is considered best research design suitable for collection of data from large sample of respondents since individual are the unit of analysis.

The population of the study covered the six firms in Warri, Delta State, Nigeria. The study purposively selected six companies with total number of staff 393.

A sample of 198 was chosen from population of 393 Accounting officers and Internal Auditors from various ministries in the State, using Taro Yamane's formula, thus:

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

Where:

n = Sample size

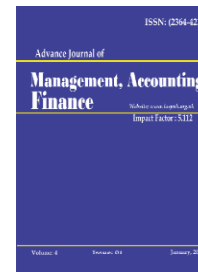
N = Population of the study

e = sampling error (0.05) or 5%

$$n = \frac{393}{1 + 393(0.05)^2}$$

$$n = \frac{393}{1 + 0.9825}$$

$$= 198$$



Approximately 198 respondents/distributions were arrived at, as sample size and were distributed to each state in proportion to their population size.

This study sourced data from primary source. Primary data were obtained from the respondents of the selected population through the structured questionnaires administered to the respondents.

Method of Data Collection

Data were collected through survey using copies of questionnaire as research instruments. The instrument was coded in five-point Likert scale format as follows; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The questionnaire dealt with essential issues concerning relationship between forensic accounting and financial fraud. The instrument was mainly to elicit information from the respondents.

Reliability of the Research Instrument

The researcher conducted a test's re-test to test the reliability of instruments. This exercise was necessary to identify problems encountered while answering the questions, omissions, ambiguity and to improve on the structure and layout of the instrument. Cronbach's alpha coefficient was used to test the reliability of the instrument using statistical package for social sciences (SPSS) software. It produced a reliability test result and Cronbach's alpha overall correlation efficient of 0.82, which

indicates a high level of reliability for the scale we have with this sample.

Method of Data Analysis

In testing the hypotheses formulated, data were analyzed using Pearson correlation coefficient tool at 0.05 level of significance via Statistical Package for Social Sciences (SPSS), version 20.0. This method was adopted so as to ascertain the strength in relationship, patterns, significant connections, and trends between the variables in the hypotheses.

Mathematical formula for Correlation Coefficient is stated as;

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

Where:

- N = number of pairs of scores
- $\sum xy$ = Sum of the products of paired scores
- $\sum x$ = Sum of x scores
- $\sum y$ = Sum of y scores
- $\sum x^2$ = Sum of squared x scores
- $\sum y^2$ = Sum of squared y scores

Decision rule: Accept the alternative hypothesis when the probability value is less than alpha value, otherwise reject.

Data Presentation and Analysis

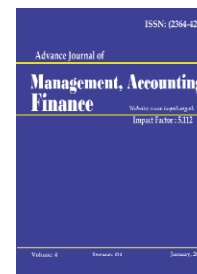
Questionnaire distribution and returns

One hundred and ninety-eight questionnaires were distributed and one hundred and sixty-one was completed and returned, this represents 81%.



Table 1: The summary of data collected from the respondents for question one

S/N	Fraud prevention	SA	A	Un	D	SD
1	Fraud Prevention is to proactively stop financial irregularities from taken place	44	50	7	31	12
2	It is the process of stopping the occurrence of fraud and fraudulent activities in an organization	37	63	8	25	11
3	Fraud prevention enhances internal and accounting system controls to deter fraud in an organization.	40	50	5	34	5
4	The effectiveness of the various fraud prevention mechanisms safeguards the financial stability of firms	38	55	9	31	11
5	Forensic accounting helps in meeting the proper utilization of all the available resources towards realization of organizational goal	49	43	9	33	10
6	Fraud Detection Fraud detection helps to expose and uncover an intentional or deliberate act by an employee.	39	88	0	34	0
7	Fraud detection uncovers the existence of something abnormal as well as something not in conformity with process flow.	35	105	0	21	0
8	forensic accounting is a monitoring tool for fraud detection and prevention in the firms	50	90	2	19	0
9	Fraud detection is a tool to monitor the activities of the management.	44	80	0	37	0
10	Forensic accountants thrive on detecting fraud and criminal transactions in banks, corporate entities,	46	94	0	21	0
	Traditional /Forensic accountants					
11	Traditional accountants ensure compliance with accounting principles and standards, whereby forensic accountants often work closely with legal professionals and law enforcement mechanisms to aid in investigations and litigation	54	53	8	22	7
12	Traditional accountant’s main goal is to facilitate decision-making, financial planning, and compliance. Forensic accountants are trained to detect irregularities, analyze complex financial data	45	62	11	17	9
13	Traditional accounting prepares accurate financial statements and provides reliable financial information while forensic accounting is primarily concerned with uncovering financial irregularities and fraud.	40	56	8	29	11
14	Traditional accounting operates on a regular reporting cycle, as forensic accounting is often triggered by specific events or	46	53	3	28	14



	suspicious of financial misconduct.					
15	Traditional accountants are critical in day-to-day business operations and financial management as forensic accounting is applied when financial fraud or other financial irregularities are suspected	39	64	11	19	11
	Forensic Accounting	SA	A	Un	D	SD
16	Forensic accountant has become necessary due to prevalent issues of fraud.	45	66	2	20	11
17	Fraud is an intentional or deliberate deception resulting in injury to another person.	38	57	5	32	12
18	Forensic accounting plays substantial roles in the prevention of crimes and corruption in corporate firms.	40	69	4	21	10
19	It is on this basis that various authors described fraud in different ways to suit their perception	47	62	0	26	9
20	Forensic accountant now seen as fraud detection experts are now being engaged in fraud detection in developing economy.	42	58	8	30	6

Source: Field Survey, 2023

Data Analysis

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FRA	5	19.00	312.00	144.0000	120.32664
PRF	5	38.00	261.00	142.0000	97.62940
FRD	5	.00	457.00	161.0000	188.72467
Valid N (listwise)	5				

Interpretation

The descriptive statistics for the dependent variables, prevention of fraud (PRF), fraud detection (FRD), and the independent variable is forensic (FRA), was represented in Table 4.2. The mean is used to establish a baseline. The

maximum and minimum numbers, on the other hand, aid in the detection of data problems. The variation from the mean is represented by the standard deviation. It is a risk indicator; the greater the standard deviation, the greater the risk. The standard



deviation is a metric that expresses how much each item in a dataset deviate from the mean. It is the most reliable and extensively used metric. The standard deviations in the firms are 120.33, 97.63 and 188.72 for FRA, PRF and FRD respectively.

Test of Hypotheses

Hypothesis One

H₀₁: There is no significant relationship between activities of forensic accountant and fraud prevention on selected firms in Delta State.

Table: .3 Correlations

	FRA	PRF
FRA		
Pearson Correlation	1	.984**
Sig. (2-tailed)		.002
N	5	5
PRF		
Pearson Correlation	.984**	1
Sig. (2-tailed)	.002	
N	5	5

** . Correlation is significant at the 0.01 level (2-tailed).

Indeed, from the above figure, correlation coefficient of 0.984 a positive correlation between forensic accountant and fraud prevention. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is 0.984 x 0.984= 0. 968. It implies that forensic accountant help to explain 97% of the variance in fraud prevention on selected firms in Delta State. From the above result, the study discovers that the confidence level between forensic accountant and fraud prevention is very high, and that correlation coefficient is significant at 0.01 levels. Therefore, reject null hypothesis and accept alternate hypothesis which stated that

there is a significant relationship between forensic accountant and fraud prevention on selected firms in Delta State.

Hypothesis Two

H₀₃: There is no significant difference between forensic accountants and fraud detection of selected firms in Delta State.

Table .4: Correlations

	FRA	TRD
FRA		
Pearson Correlation	1	.981**
Sig. (2-tailed)		.003
N	5	5
TRD		
Pearson Correlation	.981**	1
Sig. (2-tailed)	.003	
N	5	5

** . Correlation is significant at the 0.01 level (2-tailed).

Indeed, from the above figure, correlation coefficient of 0.981 a positive correlation between forensic accountant and fraud detection. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is 0.981 x 0.981= 0. 962. It implies that forensic accountant help to explain 96% of the variance in fraud detection on selected firms in Delta State. From the above result, the study discovers that the confidence level between forensic accountant and fraud detection is very high, and that correlation coefficient is significant at 0.01 levels. Therefore, reject null hypothesis and accept alternate hypothesis which stated that there is a significant relationship between forensic accountant and fraud detection of selected firms in Delta State.



Discussion of Findings

From the analysis and hypotheses tested, the study shows that there is a significant relationship between forensic accounting and fraud prevention and fraud detection in selected firms in Delta State. This result is in agreement with the findings of Solanke, et al (2023) who found a positive significant effect of fraud detection and preventions on the dependent variable in relationship with funds lost to fraud while the other variables did not have significant effect on recovery of funds lost to fraud. Also, Ojo-Agbody, Abiola, and Ndubusi (2022) who indicated that there is a significant relationship between forensic accounting and fraud detection while forensic accounting has no effect on fraud prevention in the quoted DMBs. Walakumbura and Dharmarathna (2022) revealed that there is a significant impact in between the accounting skills, knowledge of procedures and knowledge of forensic accounting on fraud detection while there is no any significant impact between the legal background and the fraud detection.

Conclusion and Recommendations

The role of a forensic accounting expert under the emerging technological driven financial fraud in the corporate organization is in no doubt very vital because they help lawyers, courts, regulatory bodies and other law enforcement institutions in investigating and documenting frauds. The expertise of a forensic accountant in the modern-day business operation is very important as it helps to

unearth complex fraudulent activities within and outside the organization. Also, the continued institutional failure over the decades even after which audit have been carried out has prompted a paradigm shift in accounting and investigation of fraud related issues.

However, this implies that forensic accounting contributed in prevention and detection fraudulent activities in various corporate organizations, thereby restraining further occurrence of such action. Based on the findings of the study, the researcher recommended the followings;

1. The firm management should enforce the application of forensic accounting principle in their various firms and method to tackle fraud and irregularities in corporate firms.
2. The institute Chartered Accountants of Nigeria should encourage policies and special training in the field of forensic accounting, investigation and its application.

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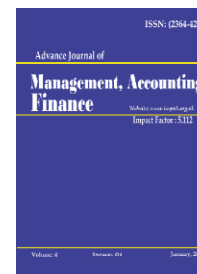
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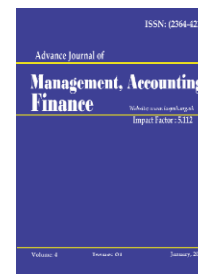
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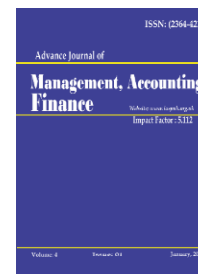
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