

Examination of Forensic Accounting Techniques in the Detection and Prevention of Fraudulent Practices in Nigerian Public Sector Entities

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Abstract

This study examines how the application of forensic accounting techniques would help in the detection and prevention of fraudulent practices in the Nigerian public sector entities. This study specifically aimed at finding out if the in-depth knowledge and skills in forensic accounting would help practitioners in detecting and preventing occupational frauds in Nigerian public sector organisations including the ministries, extra-ministerial departments and agencies. In order to guide this study, hypothetical conjectures were made and questionnaire used as primary source of data collection. The study employed survey design and a sample size of 100 respondents using purposive sampling technique. The chi-square test was used to analyse the data. Findings of the study suggest that forensic accounting techniques are effective in detecting and preventing fraudulent practices. It is also revealed that forensic accounting is a useful tool in discovering and preventing fraud thereby promoting transparency, accountability and public confidence. The study therefore recommended the adoption of forensic accounting techniques in Nigerian public sector entities to enhance transparency and accountability and that forensic accounting be legalised as a profession while training on forensic accounting skills is necessary for accountants and auditors in the public sector and necessary monitoring systems be put in place including viable internal

control system mechanisms to curb fraud in the Nigerian public entities.

Keywords: forensic accounting; fraudulent activities; public sector entities; differential association theory; internal controls

Introduction

Crimes, especially fraudulent activities, have been in the increase in recent times and require urgent attention. The spate of persistent fraudulent practices in Nigerian public entities had been attributed to weak internal controls, corruption, lack of transparency, and inadequate monitoring mechanisms (Udomette, 2018; Ijeoma, 2015). These fraudulent practices are therefore a significant challenge in the Nigerian public sector, undermining transparency and accountability. Fraudulent practices are prevalent in different sectors of the economy across different countries in the world but the spate of occurrence in the public sector in different aspects of its operations such as procurement collusion, payroll (ghost workers), asset misappropriation, and financial statement manipulation, etc erode scarce public resources and weaken development outcomes. Despite existing audit systems, fraud continues to thrive. This therefore calls for an urgent need to assess whether forensic accounting techniques (especially the application of digital forensics, data analytics) can significantly prevent or detect fraud. Public sector fraud undermines service

delivery, fiscal sustainability, and citizens' trust and this therefore requires mechanisms that would lower fraud incidence and expedite case resolution; target internal control strengthening, capacity building, and integration of digital forensics into routine public financial management (PFM) (Udomette & Alike, 2025; Sang & Clay, 2024).

In the wake of the early twenty-first centuries many cases of financial statement misrepresentation that have been reported have to an extent affected many companies like Enron, WorldCom, Adelphia, Xerox, etc and many others like Cendant, Anicom, Sunbeam, and their auditors have gone down. In effect, stakeholders, most especially the shareholders and finance providers were greatly affected. Such recent major corporate scandals have therefore prompted business owners even the government to turn to forensic auditors to conduct proactive fraud check-ups. Hence, forensic accounting techniques have been recognised as a potential solution to detecting and preventing fraudulent practices. In other words, forensic accounting has evolved from a primarily post-mortem investigative expertise into a prevention-oriented discipline that combines accounting, auditing, law, data science, and digital forensics. Filmer (2003) cited in Udomette, *et al* (2023) has seen forensic auditing as a method of investigating financial transaction and business situations in order to obtain the truth of and develop an expert opinion regarding certain fraudulent activities. Arokiasamy and Cristal (2009) cited in Ijeoma (2015) had described forensic accounting and auditing as the integration of accounting and auditing skills with investigative techniques and professional scepticism or application of financial skills and investigative mentality in unsettled issues; conducted within the context of rules of evidence. Lindquist and Bologna (1987) cited in Udomette (2018) asserted that forensic accounting as a discipline

encompasses fraud knowledge, financial expertise and a sound knowledge and understanding of business reality and the working of the legal system. Mukoro, *et al* (2015) noted that the first and most convoluted means of carrying fraudulent activities in many organisations is through the accounting and financial records, especially the manipulation of the financial statements, technically known as creative accounting.

According to Udomette, *et al* (2023), history has it that the defrauding of Enron and the others in the USA was basically the use of creative accounting to make the company look good even when it was actually dying gradually in reality. Accordingly, financial irregularity has over the past decades been a severe problem of concern globally. It is a great concern to all crimes but majorly to developing nations. It is so endemic that fraud and corruption is gradually becoming a normal way of life. Financial irregularities are so common that almost every individual cannot wash his or her hands, clean of it, starting from the public sector to the private sector; from the presidential villa of the nation, down the political office-holding ladder, to the ward councillors; from managing directors of a company through middle management cadre and to as low as messengers (Adebisi & Gbegi, 2015; Udomette, 2018). Hence, all stakeholders and players in both public and private sectors cannot be exonerated from financial irregularity. Individuals perpetrate fraud and corrupt practices according to the capacity of their office. Although financial irregularities affect private and public sector, the magnitude of public office fraud together with the extent to which citizens are affected, calls for alarm.

The practice of creative accounting which dated back to the era of industrial revolution has thrown many companies and industries into disarray even out of existence and had added the problems of governance in many countries. One may

wonder why managers of public institutions and utilities would be involved in fraudulent activities. It is expected that at the end of each fiscal and financial year, the financial statements of the organisation would be prepared and published for the use of stakeholders for economic decisions. The management would look into some loopholes in the accounting system and legal framework and utilise the opportunity to conceal huge losses and produce fraudulent reporting. Public sector entities are expected to run in consonance with the provision of the Annual Appropriation Act, with no room for extra-budgetary spending, but sometimes, the management employ the vehicle of virement to divert some moneys from their intended votes to unintended expenditure using this opportunity to perpetrate fraud for personal gain. One would wonder how moneys embezzled would be reported. Studies revealed that perpetrators would produce fake or forged audit trails like receipts, invoices, vouchers and reintroduce some worn-out noncurrent assets that had been once written off and use the money to meet their personal gains simply due to weaken internal control systems, collusion or compromise of oversight system (Mukoro, et al, 2015; Ijeoma, 2015; Udomette, 2018; Sani, 2016).

Udomette (2018) asserted that fraud is a legal term borrowed into accounting and it refers to the *intentional misrepresentation of the truth* in order to manipulate or deceive a company or individual. It is to create a misjudgement or maintain an existing misjudgement to induce somebody to make a contract. It involves enriching oneself intentionally by reducing the value or worth of an asset in secret (Howard and Sheetz, 2006).

Additionally, fraudulent activities have posed enormous threat on the financial health of businesses such as the banking sector and the public sector. As reported by NDIC in its official reports of 2012 and 2014, the banking sector financial fraud

between 2010 and 2014 alone are as tabulated in the table below.

Year	Number of fraud cases	Amount involved (US\$ 'M)
2010	1,532	38
2011	2,352	12
2012	3,380	14
2013	3,786	18
2014	10,612	20
Total	21,663	102

Source: NDIC Report (2012, 2014)

As observed by Ojo (2012) and Osioma (2013) in Udomette, et al (2023), the global financial meltdown was made possible because there was failure on the part of the gatekeepers including the auditors. This has caused a great damage to the repute and image of the accountancy profession; hence, a conscientious effort was directed towards instituting a well-articulated and professionally executed central scheme of forensic and investigative accounting, auditing and criminalistics. Although there are not well published statistics of the depth of fraud perpetrated in the public sector, however, these upsurge of fraudulent activities in Nigeria as reported by Enofe, Okafor and Atube (2014), Modugu and Anyaduba (2013), Okoye and Gbegi (2013) and Adebisi and Gbegi (2015) and the current context, where economic transactions are becoming increasingly complex and globalised, the attendant cases of embezzlement, corruption and diversion of public funds by politicians and public office holders for personal advantage has made the role of forensic auditing, and by extension forensic accounting, to become more increasingly important at least to ensure the financial integrity of public sector organisations, and economies at large (Radu, 2009; Anghel and Poenaru, 2023).

Furthermore, Nigeria has implemented several governance and PFM reforms (e.g., Treasury Single Account (TSA), Integrated Payroll and Personnel Information System (IPPIS), Government

Integrated Financial Management Information System (GIFMIS), and e-procurement pilots), yet high-profile cases and audit queries continue to surface. Understanding which forensic techniques work best, under what conditions, remains an urgent research question. Forensic auditing and accounting is not entirely a new field of study. This has been attributed to Kautilya in his graphic detail in the famous treatise Arthashastra penned down around 300 BC (Udomette, 2024) where he described forty ways of embezzlement. However, the term „forensic accounting“ is said to have been first used in 1946 by Maurice E. Peloubet in his essay “Forensic Accounting: Its Place in Today’s Economy”. By this time, Forensic Accounting has proven its worth during the World War II, however, formalised procedures were not in place until the 1980s when major academic works were published. The popularity and need for the services of forensic accounting and auditors began to grow rapidly and steadily within a few decades ago (Udomette, et al 2023; the Pakistan Accountant, 2014; Gangolly, *not dated*). In Nigeria, however, the development of forensic accounting is still at the cradle as government is yet to recognise and legalise the profession, even though the two giant accountancy bodies – ANAN and ICAN have tried to put down materials and training to the professional members in the subject-matter and foreign certifications have been used to supplement local certifications while many higher institutions have begun to offer the course as a course subject at undergraduate but as a course discipline at postgraduate levels. Forensic accounting has been seen by many scholars like Mukoro, et al (2013), Adebisi and Gbegi (2015), Ijeoma (2015) amongst others to be a vehicle that would help eradicate the prevalence of fraud and financial criminality from the economic system. It is necessary against this backdrop therefore to ascertain the following:

- a) Are there any forensic accounting techniques in the Nigerian public sector entities to curb financial irregularities?
- b) Is there any indication that emergence of forensic accounting would significantly deter fraudulent activities in the Nigerian public sector entities?
- c) Do organisational factors and control environment moderate effectiveness of forensic accounting technique?
- d) Does the emergence of forensic accounting have the potential to restore confidence of stakeholders in the credibility of financial reports of public sector entities?

These questions require in-depth examination of the effectiveness of various forensic accounting techniques and skills. In attempt therefore, this study is necessary to investigate and evaluate the effectiveness of specific forensic accounting techniques in detecting and preventing fraud in Nigerian public sector entities and to identify institutional/technological conditions that would significantly enhance their impact. To guide this study, therefore, these hypotheses are formulated:

- H₀₁: The skills and techniques of forensic accounting will not help in curbing fraudulent activities in Nigerian public sector entities
- H₀₂: Forensic accounting will not significantly impact on deterring fraudulent activities in Nigerian public sector entities
- H₀₃: Organisation factors and control environment will not significantly moderate effectiveness of forensic accounting technique
- H₀₄: The emergence of forensic accounting would not restore confidence in the credibility of financial reports of public entities.

Literature Review and Theoretical Underpinnings

Forensic accounting and forensic auditing are not new concepts but their

acceptability are just gaining momentum in Nigeria due to perceived roles they placed in transforming corporate reporting leading to increased transparency, accountability which in turn enhance national development and transformation (Udomette, et al, 2023; Ijeoma, 2015; Mukoro, et al, 2013). It is a field of accounting that involves the application of accounting and auditing skills to investigate and analyse financial data for legal purposes. It has been defined by Jafaru (2011) cited by Ijeoma (2015) as the application of financial skills and investigative mind-set conducted within the context of the rules of evidence to resolve unresolved issues whereas Gray (2008) in Udomette (2018) explained that forensic accounting is the application of tools to analyse accounting data with the objective of detecting fraud or establishing evidence that can be used in a court of law. In essence, therefore, forensic accounting involves applying investigative, accounting and auditing skills and expertise to determine the nature of past business activity, investigate into and detect fraud or financial irregularity, gather evidence which may be presented admissibly at the court of law in the case of litigation.

There are many scholastic works on different aspects of forensic accounting and auditing. According to Udomette (2024), forensic accounting involves some broad areas like forensic and investigative accounting, forensic auditing and litigation support. Accordingly, the following definitions have been provided for each of these sub-areas of forensic accounting:

Forensic Auditing can be defined as the process of sourcing, gathering, analysing and reporting on data, in a predefined context, for the purpose of finding substantial facts and/or evidence in the context of financial or legal disputes, irregularities and giving preventative advice to the management in the area.

Investigative Accounting is concerned with the process of evidence gathering that

gathers suitable evidence in acceptable form of criminal conducts, sustaining the content of damages which would be useful for economic and legal purposes. A typical investigative accounting assignment could be one involving employee fraud, securities fraud, bankruptcy fraud, insurance fraud, kickbacks and advanced fee frauds, etc.

Litigation support is an aspect of forensic accounting that involves the provision of assistance of an accounting nature to a client in a matter involving existing or pending litigation. As an expert witness, a forensic accountant also involves in quantification of economic damages including business valuation, revenue analysis, calculating economic loss or damage resulting from negligence or breach of contract, etc and providing expert witness testimony as may be required by a competent court of jurisdiction. It may extend to other areas involving tracing assets, revenue recovery, accounting reconstruction and financial analysis, etc to aid provide more evidence and supports to lawyers in issues involving litigation.

No doubt, in many assignments, both litigation support and forensic audit plus investigative accounting services are required. In many cases, the combination of these services will not be adequate to address the problem unless there is in place an effective programme for fraud risk management and control. Creating an ethical work environment with a vigorous anti-fraud culture, implemented seriously by senior management through the promotion of a clear anti-fraud policy is the only viable option if management of government offices is serious about preventing or reducing even eradicating the recurrence of fraud in its various guises across different organisations (Udomette, et al 2023).

Gray (2008), Crumbley (2003) and Skalak, et al (2006) all cited in Udomette (2018) and Enofe, et al (2015) had cited that forensic auditor performs a number of

duties which depend largely on the nature of assignment he is hired to undertake and this must include gathering, analysis, summarising, interpreting and presenting complex financial and business-related issues in a manner that is both understandable by the layman and properly supported by the evidence, which is admissible in the court of law. It therefore means a forensic auditor, as a forensic accountant is otherwise known, is also expected to be familiar with legal concepts and procedures, including the ability to differentiate between substance and form when grappling with any issue to be able to properly carry out the above functions. However, Olola (2016) underscored the following as the role of forensic accounting in solving the menace of corporate failures:

- i. Giving preliminary advice as an initial appraisal of the pleading as evidence available at the start of proceedings.
- ii. Identifying the key documents which should be made available as evidence. This is important when the forensic accountant is acting for the defence and lawyers are preparing lists of documents to tender in court,
- iii. Preparing a detailed balanced report on quantum of evidence written in a language readily understood by a non-accountant.
- iv. Reviewing expert accounting reports submitted by the other party which may

have impact on the quantum of evidence and advising lawyers on these reports.

- v. Briefing legal counsels on the financial and accounting aspects of the case during pre-trial preparation.

Forensic accountant is also expected to acquire computational and data analytic skills; investigative (data checks, digital forensics, Benford's law analytics, etc) and legal expertise; accounting and auditing skills; knowledge of general economic theories, reporting and communication skills and must be familiar with court proceedings. It should however be noted that forensic accounting is quite different from traditional or financial statement auditing. While financial statement auditing is done as a statutory religious exercise every financial reporting year to attest to the true and fair presentation of the financial statements in line with applicable accounting standards and legal requirements, forensic audit and accounting is an assurance and attestation exercise done on request of the client where fraud, corrupt practice or financial impropriety is suspect, and the sole aim is to establish its actual occurrence, identify the perpetrators with supporting admissible evidence and bring them to book. Imoniana, Antunes and Formigoni (2014), therefore, had provided the distinctions between forensic accounting investigations and financial statement audit under five headings as follows:

Items for Analysis	Financial Statement Audit	Forensic Accounting Investigation
1. Why, when and where the services take place	Continuous to certify the state of the art of business and comply with an efficient market theory	Serve as a backing to prove a fraud in the business in an apparent risk prone environment. Called on judgementally when there is sufficient predicate that something fishy has occurred
2. Scope of the Job	Opine on the accounting statements of business entities considering all criteria (generally accepted accounting principles) used in its preparation	Present analytical accounting and financial information to support administrative and legal decisions
3. Details	Sample/probabilistic procedures to serve as basis of concluding the financial statement	Detailed planning of tasks aimed at documenting deterministic and calculative analysis
4. Periodicity	Covering the fiscal year to substantiate the activities of the accounting period	When necessary and particularly according to the periods stipulated by client/judge
5. Reporting	Financial statements, management letter, auditor's reports at end of reporting period	Investigative or expert reports with recommendation; programmed for certain period.

Source: *Udomette (2024): Forensic & Investigative Accounting (2/E), p. 85*

Forensic accounting techniques, according to Udomette (2024) include:

- i. Benford's Law Analysis (detecting anomalies in numerical data);
- ii. Computer-Assisted Audit Tools (CAATs);
- iii. Data Mining & Digital Forensics;
- iv. Document Review and Verification;
- v. Lifestyle and Background Checks.

Studies have shown that forensic accounting techniques can be effective in detecting and preventing fraudulent practices in the private sector of the economy. However, owing to the peculiarities of the public sector and its auditing system as governed by the Constitution of the country and the Audit Ordinance (1958 as amended), there are less research on the role and applicability of forensic accounting in the public sector and the results of most forensic audits conducted at the event of breach of trust by public office holder (typically the case of Niger Delta Development Commission, 2021).

In related studies, Adebisi and Gbegi (2015) conducted a study on fraud and the Nigerian public sector performance aiming to examine the need for forensic accounting, using a population of 190 with sample size of 129; the data of the survey study, analysed using ANOVA and regression revealed that public sector fraud has significant effect on economic growth in Nigeria, and second, there is positive and significant influence between the use of forensic accounting and the performance of the Nigerian public sector. The research recommends that, first, it is obvious that public sector fraud affects economic growth in Nigeria and as such appropriate sanctions should be applied when fraud is discovered or detected. Second, Government should establish a Public Recovery Fund (PRF) where money recovered through forensic accounting should be kept and this money should be

properly used to enhance efficient and effective performance in the public sector. Also, Enofe, Michael and Kingsley (2013) undertook a study on accountants' perception of forensic accounting and fraud investigation, using a sample size of 200 professional accountants in Edo State drawn by means of quota sampling and primary data through questionnaire, which were analysed through mean scores while the stated hypotheses were statistically tested with Chi-test. Findings revealed a general opinion for the need of the services of forensic accountants in Nigeria economy and their services are more required for fraud and corruption related issues. It was also revealed that Accountants in Nigeria have an in-depth knowledge of Forensic accounting practice and is neither new to the practicing Accountant nor professional accountants; that Accountants in Nigeria are aware and possessed the relevant forensic accounting skills, but the study was limited because it was not reveal the degree to which the skill possessed were applied to detect and prevent fraud; hence, it was recommended that, the Institute of Chartered Accountant in Nigeria encourages formalization and specialization in the field forensic accounting, the government should develop interest in forensic accounting and accountants for monitoring and investigation of suspected and confirmed corruption cases and practising accountant should work towards specialization and possibly establish firm for forensic accounting practice as well.

Furthermore, Enofe, Onyeokwensi and Onobun (2015) in their study on Forensic accounting and financial crime, used a survey design and a sample size of 150 respondents to whom questionnaire was distributed and only 120 collected, data of which were analysed using chi-square statistics and the result revealed that forensic accounting will not help to deter fraudulent activities in Nigeria but provides the essential tools needed to

reduce fraud. The study therefore concluded that forensic accounting can help reduce the incidence of corrupt practices in Nigeria and also bring theft perpetrators to book. It was recommended that the use of forensic accounting techniques should be encouraged and applied by the Nigerian government, ministries, parastatals, corporate bodies and regulatory authorities as it can help curtail public and corporate financial crime and also assist judges to bring to book those involved in fraudulent practices.

Ijeoma (2015) undertook a study on empirical analysis on the use of forensic accounting techniques in curbing creative accounting. The study used Primary source of data collection and: Kruskal-Wallis test Mean rank and percentage distribution as the statistical tools in analysing the data. The findings revealed that strong evidence existed on the effectiveness of techniques used by forensic accountants in helping to curb the problem of creative accounting; and that there existed strong evidence that forensic accountants have enhanced their efficiency overtime while the emergence of forensic accountants has restored confidence in the credibility of corporate firms and their report. The study established from the findings of this study that there is need that forensic accountants must possess solid knowledge and skills in the area of accounting and auditing and therefore recommended that forensic accountants should develop capability in verbal and written communication, potentials in perceiving details and of the efficient application of investigative activities as well as a considerable degree of knowledge about information technologies in accounting and auditing procedures.

Besides, Olola (2016) conducted a study on the role of forensic accounting in combating the menace of corporate failures, and using theoretical analysis of secondary data collected, the study revealed that various governmental agencies attempting to fight corruption

will need to engage the services of forensic accountants to compliment the efforts of other professional to reduce fraudulent activities in corporate organizations. The paper concluded that forensic auditing can go a long way to influence financial scandals in corporate organization; hence, the role forensic accountant will become very useful in corporate organizations, public sector and private sector

Yusuf (2017) conducted a research using the exploratory design. In his findings, it was discovered that forensic accounting has the potential of curbing financial crimes and restoring credibility that the traditional auditing has lost back to the accounting system. Forensic accountants are specialist appraisal experts, who should be able to reliably express informed opinion on matters of business value, based on generally accepted theory; effective at evaluating the historical and projected degrees of risk and return of any going concern as well as any and all financial transactions involving assets, property, taxes, and equities; and must also be effective, as economist specialists, at economic loss, damage, and social harm estimates; familiar with the assumptions, algorithms, and calculations in econometric models and opportunity cost scenarios; can measure and quantify such things as loss of goodwill and reputation.

Anghel and Poenaru (2023) conducted a study to examine forensic accounting as a tool for detecting and preventing the economic fraud and concluded that forensic accounting is very important in this era of globalised accounting and businesses and become even more increasingly important at least to ensure the financial integrity of public sector organisations, and economies at large.

In the study conducted by Ayodele, Abiola, and Ndubusi, (2022) on effect of forensic accounting on fraud detection and prevention in selected quoted deposit money banks in Nigeria, it was discovered that forensic accounting has the potentials to restore credibility of financial reports to

stakeholders while enhancing the performance of the financial market. Similarly, Kankpang, Ogar-Abang and Animpuye (2024) conducted a study on Forensic accounting and fraud prevention and detection in commercial banks in Nigeria. The study revealed that most of the financial institutions today fail as a result of financial fraud which has become the most serious economic threat in the world and so forensic accounting becomes imperative tool to attain accountability, transparency and prevention of fraud in the financial institutions.

This study is anchored on the differential association theory of crime, although there are a number of related theories connected with fraud and other white collar crimes such as the fraud triangle and fraud diamond theories. According to Udomette, et al (2023), fraud perpetrators are also called white collar criminals. Ijeoma (2015), however, quoting Sutherland (1983), asserted that white collar crime can be defined as a crime committed by a person of respectable and high social status in the course of his occupation. In this context, the concept of "respectability" defies precision of use. Thus, the requirement that a crime cannot be a white collar crime unless it is perpetrated by a person of "high social status" is an unfortunate mixing of definition and explanation, especially when Sutherland (1983) used the widespread nature of white collar crime to refute class-based theories of criminality. These deficiencies have rendered white collar crime an impotent construct for theory building in sociology. No influential theory of white collar crime has develop, let alone attempt to link such work to wider sociological theory. The author further explained that Albanese, (1995) has suggested that Sutherland's theory of differential association in White Collar Crime was a general theory of all crime, one whose generality borders on a platitudinous restatement of social learning. Furthermore, Fredrichs (2007)

was quoted in Ijeoma (2015) as stating that crimes cannot be easily distinguished from each other except by the background and characteristics of its perpetrators. But what factors, however, drive people to committing frauds? Experts over the years have devised a framework commonly to explain the reason behind an individual's decision to commit fraud and these as stated in Marakas & O'Brien (2011); Adebisi and Gbegi (2015) and Udomette, et al (2023) include: Incentive or pressures; rationalisation or justification; opportunity and capability.

- i) Incentives or pressures are the elements that push people into committing fraud such as lifestyle, family challenges, etc;
- ii) Rationalisation or justification involves the excuses taken by fraudsters. It is the justification put forward by fraudsters to back their act or the grounds to justify the reason for committing crime such as „I will pay back, after all“ or „I've served this office for many years and deserve to be promoted or recognised“.
- iii) Opportunity involves the circumstance that allow fraud to occur or those factors that enable fraudsters to commit fraud such as weakness in internal control system;
- iv) Capability, the capacity availing the fraudster the ability to commit fraud, the situation of having the necessary traits or skills and abilities to commit fraud. It is where the fraudster recognised the particular fraud opportunity and ability to turn it into reality. Position, intelligence, ego, coercion, etc are supporting elements of capability (Udomette, et al, 2023; Udomette, 2018; Romney & Steinbart, 2009).

It is therefore estimated that majority of white-collar criminals, distinguishable by lives of privilege, much of it with origins in class inequality, would go undetected and if their crimes or if detected, it is not reported and if it is reported, one may not be able to establish grounds to incriminate

the perpetrators because of their high status. This therefore requires a highly trained and experienced fraud examiner or investigator like the professional forensic accountant to forestall the occurrence of such high profile fraud.

Materials and Methodology

A survey design was employed, with a sample size of 100 respondents from Nigerian public sector entities, mainly pool officers in the Finance and Accounts Department in different government offices in Abuja. The 100 respondents was randomly selected using purposive sampling technique. The questionnaire was designed to gather data on the effectiveness of forensic accounting techniques in detecting and preventing fraudulent practices. The chi-square test was used to analyse the data. Other statistical tools used included the Kruskal-Wallis test, mean rank, percentage distribution and Crochbach"s Alpha reliability method.

Results of Data Analysis and Discuss of Findings

This study applied chi-square statistics, Kruskal-Wallis test to analyse the data collected from questionnaire administered to respondents. A 5% (0.05) marginal error, 4 degree of freedom was allowed with a sample size of 100. The following tables are used to present and analyse the data collected from the field survey as follows:

Following a 5% marginal error, Cronbach's Alpha of 0.95 suggests that the internal consistency of the responses of the research instrument (Questionnaire) is 95% consistent, indicating a very high degree of internal reliability.

Table 1: Chi-square Test (Ranks and Test Statistics): on whether the skills and techniques of forensic accounting will not help in curbing fraudulent activities

H_{01} : The skills and techniques of forensic accounting will not help in curbing fraudulent activities in Nigerian public sector entities

	N	Rank	chi-square	d.f.	asympt. Sig.	Mean score	t-value
Strongly Agreed	47	5					
Agreed	24	4					
Indifference	10	3					
Disagreed	7	2					
Strongly Disagreed	7	1					
	95		62	4	0.001	4.02	9.88

Source: Result of Field Survey, 2025

From Table 1 above, result of 4.02 suggested that respondents generally agreed that skills and techniques of forensic accounting help curb fraudulent activities. Based on the result, the null hypothesis that the skills and techniques of forensic accounting will not help in curbing fraudulent activities in Nigerian public sector entities is hereby rejected while the alternate hypothesis that skills

and techniques of forensic accounting will help in curbing fraudulent activities in Nigerian public sector entities is hereby accepted. This, by implication, revealed that forensic accounting skills are valuable in fraud prevention and detection and so organisations would benefit if invested in training its accounting professionals in forensic accounting techniques and skills. This therefore indicated a significant relationship between forensic accounting

skills and techniques and fraud curbing, hence the usefulness of forensic accounting techniques is hereby supported.

Table 2(a): Responses on forensic accounting effectiveness on deterring fraudulent activities

Items	SA	A	I	D	SD	Total
	5	4	3	2	1	
Forensic accounting can be used as a mechanism to dissuade fraudulent activities in the office.	48	37	5	6	4	100
Corruption and gratifications can be easily checked by forensic accounting techniques and mechanisms	35	47	7	6	5	100
Forensic accounting can help strengthen internal control measures to tame down the spate of financial irregularities	45	42	6	3	4	100
Forensic accounting can help to significantly reduce extra-budgetary spending and other frivolous spending in MDAs.	56	36	3	3	2	100
Digital forensic techniques would assist in identifying hidden records and manipulation of computer-based information in IPPIS, TSA, etc thereby curbing incidence of fraud in the system	47	38	6	4	5	100
Forensic accounting skills, techniques and tools can be used to curtail subsidy frauds in different arms of Nigerian public offices.	55	30	4	7	4	100
Total	286	230	31	29	24	600
Mean Score	47.7	38.3	5.2	4.8	4	100.00

Source: Field Survey, 2025

Table 2(b): Chi-Square test for H₀:
Forensic accounting will not significantly

impact on deterring fraudulent activities in
Nigerian public sector entities

	\bar{X}	Rank	X ²	d. f.	Mean	Cont. co-eff.
Strongly Agreed	47.7	5				
Agreed	38.3	4				
Indifference	5.2	3				
Disagreed	4.8	2				
Strongly Disagreed	4.0	1				
	100		72.19	4	4.21	0.647

Source: Result of Data Analysis, Based on Table 2(a) (2025)

From the Table 2(a)/(b) above, it could be seen that mean-scores pay group ranged from 47.7 (for strongly agreed) to 4 (for strongly disagreed) showing a wide difference between the groups. However, the computed chi-square of 72.19 at 4 degree of freedom and 5% margin of error is higher than the critical value of 9.488, hence the result suggests that forensic accounting does have a significant impact

on deterring fraudulent activities in Nigerian public sector entities, and so we reject H₀ (Forensic accounting will not significantly impact on deterring fraudulent activities in Nigerian public sector entities) and accept H₁ (Forensic accounting will significantly impact on deterring fraudulent activities in Nigerian public sector entities); implying that Forensic accounting has a significant impact on deterring fraudulent activities in Nigerian public sector entities. In other

words, the result supports the idea that forensic accounting is effective in reducing or deterring fraudulent activities. Furthermore, the Contingency coefficient ≈ 0.647 also suggests a significant and moderately strong association between forensic accounting and deterring fraudulent activities. This finding is in line with Enofe, Okpako, and Atube (2013) and Enofe, et al (2015) that forensic accounting services provide the necessary

tools to deter fraudulent activities but does not curb fraudulent activities totally.

Table 3: Kruskal-Wallis test on whether organisational factors and control environment will moderate effectiveness of forensic accounting technique.

H₀₃: Organisation factors and control environment will not significantly moderate effectiveness of forensic accounting techniques

Option	N	Mean Rank	chi-square	d.f.	asympt. Sig.	t-value
Strongly Agreed	20	10.5				
Agreed	20	30.5				
Indifference	20	50.5				
Disagreed	20	70.5				
Strongly Disagreed	20	90.5				
	100		95.24	4	0.001	8.95

Source: Field Survey, 2025

Table 4: Kruskal-Wallis test, chi-square statistical test

From Table 4 above, findings revealed the calculated t-value of 8.95 indicating the significant difference between the agreed and disagreed groups. Given the result, while $X^2=95.24$ which is above the critical value of the null hypothesis that Organisation factors and control environment will not significantly moderate effectiveness of forensic accounting technique is hereby rejected while the alternate hypothesis that

Organisation factors and control environment will significantly moderate effectiveness of forensic accounting technique is hereby accepted. This therefore implies that organisation factors and control environment will moderate or influence the effectiveness of forensic accounting techniques.

H₀₄:

The emergence of forensic accounting would not restore confidence in the credibility of financial reports of public entities.

	N	Rank	chi-square	d.f.	Mean score	cont. co-eff.
Strongly Agreed	54	5				
Agreed	28	4				
Indifference	6	3				
Disagreed	7	2				
Strongly Disagreed	5	1				
	100		100.5	4	4.19	0.689

Source: Output from Field Survey analysed, 2025

Based on the above result of the data analysis, the significant chi-square value of 100.5 and contingency coefficient Of 0.689 (indicating a strong association, we therefore reject the null hypothesis (The emergence of forensic accounting would not restore confidence in the credibility of financial reports of public entities) and therefore accept the alternate hypothesis that The emergence of forensic accounting would restore confidence in the credibility of financial reports of public entities. The mean score of 4.19 suggests that respondents generally agree that the emergence. The emergence of forensic accounting would restore confidence in the credibility of financial reports of public entities; hence we can conclude that forensic accounting has the potential and significant impact on restoring confidence in financial reports in public offices or entities.

Conclusion and Recommendations

From the findings above, the study concludes that forensic accounting skills and techniques are effective in detecting and preventing fraudulent practices in Nigerian public sector entities. That although organisational factors and control environment may moderate the effectiveness of forensic accounting techniques, with professional ethics upheld by forensic accountants in line with the professional capabilities, the adoption of forensic accounting techniques is therefore considered as an indispensable control tool to enhance transparency and accountability in the public sector and application of forensic accounting skills and mechanisms would aid in restoring confidence in the credibility of financial reports in public sector entities. Following this conclusion, therefore, the study recommends as follows:

1. That the Nigerian public sector entities should adopt forensic accounting

techniques to detect and prevent fraudulent practices;

2. That forensic accounting should be legalised and aspects of the law be reviewed to enable institutions and auditors go beyond expression of opinions to reporting on fraudulent cases where it is thus established.

3. That adequate and continuous training programmes should be established to enhance the skills of accounting professionals in forensic accounting techniques;

3. And following the limitations of this study, especially the sample size and scope which may limit the generalizability of the findings, it is recommended that future studies could expand on this research by exploring other aspects of forensic accounting in the public sector.

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