

Forensic Accounting and Financial Performance of Listed Deposit Money Banks in Nigeria

¹Oladutire, Elijah Oladeji, ²Afolabi, Matthew Babatunde,
³Adesanya, Oluwafemi Valentine

¹Adekunle Ajasin University, Akungba Akoko, Ondo State, ^{2&3}Department of Accountancy, The Federal Polytechnic Ado Ekiti, Ekiti State
oladeji.oladutire@aaua.edu.ng; afolabi_mb@fedpolyado.edu.ng;
adesanya_ov@fedpolyado.edu.ng

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Abstract

The study examined the effect of forensic accounting on financial performance of listed Deposit Money Banks (DMBS) in Nigeria, between 2012 and 2021. Specifically, the study examined the effect of risk assessment, legal service, monitoring and control on profit after tax of listed deposit money banks in Nigeria. The data for this study were obtained from secondary source. Data were collated from a sampled of 10 banks' annual financial reports and analyzed using both descriptive statistics and VEC model granger-causality test. The study revealed that risk assessment, legal service, monitoring and control have significant effect on profit after tax of listed deposit money banks in Nigeria. Based on this finding, the study concluded that, forensic accounting has significant effect on financial performance of listed deposit money banks in Nigeria, especial when measured financial performance in terms of profit after tax. The study further established that all the variables have significant effect on profit after tax of deposit money banks in Nigeria. Since risk assessment, legal service, monitoring and control has significant effect on profit after tax of listed deposit money banks in Nigeria, therefore it was recommended that management of listed deposit money banks should develop a mechanism that can enhance forensic accounting in banking industry. Also, the management of deposit money banks should organised training programme on forensic accounting for the accountants to undergo to refresh their knowledge on the investigative aspect so that they can be in position to offer sound advice that can be useful to banks

Keywords: Risk Assessment, Legal Service, Monitoring and Control, Profit after Tax

1.0 Introduction

The accountants believed that to fight corporate malfeasance, an investigator must adapt the technique of accounting into a forensic audit which will successfully exercise good corporate governance. The areas of investigation in forensic accounting are broad and which include fraud examination, due diligence reviews, risk assessors' detection of financial statement misrepresentation, cyber-crimes, illegal money transfers, modelling risk etc. (Smith & Crumbly, 2005). Forensic Accounting is an examination and evaluation of firm's or individual's financial information for use as evidence in court. Forensic accounting can be conducted in order to prosecute a party for fraud, embezzlement or other financial claims (Anichebe & Manukaji 2016). The forensic accounting is a method of prevention of fraud, misappropriation of funds and corruption, it puts in the hands of judges and the relevant legal authorities with sufficient evidence to analyze and put as evidence in the judicial process, therefore determining, based on legal texts, whether or not it is a fraud case or not. Forensic accounting is also known as forensic auditing. A forensic auditor/accountant is a Certified Public Accountant (CPA) who uses special techniques to detect or prevent certain types of crime for businesses and government agencies. Series of attempts to identify the dimension and determining factors of fraud include: attitude, reasoning, pressures, work environment and personality (Gallet, 2010). Fraud examiners from global accounting firms and local law firms are often hired by private and public parastatals to investigate when there is suspicion of misconduct and financial crime (Button et al., 2007).

Forensic is specialty practice of accounting that describes engagements resulting from expected financial loss in a financial and economic crime atrocities leading to investigative and auditing support services, litigation support service and expert witness in the court of law (ACFE, 2019). Okoye and Akamobi (2009), explain forensic accounting as a tripartite practice of skills in accounting, auditing and investigation to assist in legal matters resulting from economic and financial crimes. Forensic investigation carries out inquiry for expected outcome to be used in the law court. Fraud examination is the conscious and spontaneous thought to investigate and uncover financial misappropriation, while engagement arises when criminal discoveries are made in fraud investigations (Okoye & Akamobi, 2009). According to Akani and Ogbeide (2017), they postulated that the importance of eradicating or reducing financial fraud and corruption have the capacity to destroy the organization and national image and undermining economic growth cannot be underplayed. Furthermore, Ola (2018) defined forensic accounting practice as one of the most indispensable and modern areas that detect and prevent fraud and financial corruption, assess business, resolve professional negligence practices, and assist in conflict resolutions of fraud related internal investigations. Comprehensively, Hopwood et al (2008), defined forensic accounting as 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. Dada (2013) described forensic accounting as the special practice area of accounting that describes engagements resulting from actual or anticipated disputes and litigations.

Forensic accounting is the specialty practice area of accounting that describes engagements that result from actual or anticipated disputes or litigation (Okeja, 2014). The word "forensic"

according to Okeja, (2014) means suitable for use in a court of law and it is to those standard and potential outcomes that forensic accountants also referred to as forensic investigative often have to give expert evidence at the eventual trial of companies and institutions who have committed fraud, in a court of law. However, forensic accounting is different from the old debit and credit accounting as it provides an accounting analysis that is suitable to the organization in resolving any dispute that may arise in such firms (Okolie, 2014).

Financial performance is the extent of what has been achieved by an organisation which is a sign of a sound condition over a length of period. The aims of appraising performance are to acquire purposeful information and the movement of cash or its equivalent, the uses of firm's finance, their effectiveness and efficiency. The duties of DMBs in Nigeria cannot be overemphasised because they are the intermediary between surplus and deficit sector of the economy. (Obamuyi, 2013)

In addition, the priority of the President Buhari administration since 2015 was the fight against corruption so as to drastically reduce the cases of financial malpractice. Many arrests related to corruption cases have been made. It has thus, become relevant to encourage the practice of forensic accounting which is one of the efforts that can be used for the detection and prevention of fraud in the banking sector. Demand for forensics accounting service has been on forefront as a result of increasing fraudulent practices in banks around the world in recent time. The fraud scandals that are most often quoted which almost swallowed the banks were the case of intercontinental, Oceanic, Union, Afri, and First Inland banks in which the management of those five banks were sacked in 2009 over alleged fraud and mismanagement, and this greatly increased public anxiety about well-being of these banks and to some extent also created doubts about the audit function being performed in these banks. The frequent cases in the Nigerian DMBs makes the integrity of the employees, management, internal auditor and even external auditor of the banks questionable and also gives rise to absolute loss of customers, confidence in banking industry. This is due to the fact that banking sector auditors may not have the essential knowledge required in detecting, preventing or reducing fraud. Several studies however have been carried out to show the extent by which forensic accounting influences the financial performance of Nigerian DMBs. To a great extent, most of the previous studies have a consensus results. Therefore, this study is to add to the body of knowledge by examining the effect of forensic accounting on the financial performance of selected listed deposit money banks in Nigeria, for the period of 10 years, the forensic accounting was measured with risk assessment, monitoring and control, legal service while financial performance was measured with profit after tax. The data were analysed by using both descriptive and VEC model granger-causality test (due to observed co-integration vectors) as variance decomposition and impulse response analyses were also carried out and this made the work to differ from previous studies.

1.1 Statement of Problem

Studies have been conducted to investigate the relationship between forensics accounting and financial performance of listed deposit money banks not only in Nigeria but other countries as well (Bassey, 2018; Ewa et al., 2021). Notably, most of these studies utilized the ordinary least

square (OLS) regression analytical technique. With this in mind, there are inadequate researches on the extent to which forensic accounting influences the financial performance of listed deposit money banks in Nigeria. This is because some have been found weak or negative relationship (Agboare., 2021, Adesina et al., 2021). Distinctively, it is against this backdrop that the study evaluated the role of forensic accounting on the financial performance of listed deposit money banks in Nigeria, by using descriptive statistics and VEC model granger-causality test approach for period of 2012 to 2021 with focus on profit after tax as proxy for dependent variable (Financial performance) while, risk assessment, legal service, monitoring and control as a proxy for independent variables (Forensic Accounting).

1.2 Objectives of the study

The major objective of this study was to critically assess the effect of forensic accounting on the financial performance of Deposit money Banks in Nigeria while the specific objectives include to:

1. Investigate the effect of legal services on the financial performance of Deposit Money Banks in Nigeria;
2. Assess the effect of monitoring and control on the financial performance of Deposit Money Banks in Nigeria;
3. Evaluate the effect of risk assessment of the financial performance Deposit Money Banks in Nigeria

1.3 Research Questions

1. To what extent have legal services influence the financial performance Deposit Money Banks in Nigeria?
2. Does monitoring and control influence financial performance Deposit Money Banks in Nigeria?
3. To what extent has risk assessment influenced the financial performance Deposit Money Banks in Nigeria?

1.4 Research Hypotheses

- H₀₁. There is no significant relationship between the legal services and the financial performance of Deposit Money Banks in Nigeria
- H₀₂. Monitoring and control does not significantly influence financial performance of Deposit Money Banks in Nigeria
- H₀₃. There is no significant relationship between the risk assessment and the financial performance of Deposit Money Banks in Nigeria

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Forensic Accounting

Forensic accounting is an investigative style of accounting used to determine whether an individual or an organization has engaged in any illegal financial activities (Erin et al., 2016). Forensic accounting integrates an understanding of accounting principles with investigative techniques to determine whether the actions behind financial records and statements are suspicious. Forensic accounting is the practice of utilizing accounting tool and investigative skills to assist in legal matter and the application of specialized body of knowledge to the evidence of economic transaction and reporting suitable for the purpose of establishing accountability or valuation of administrative proceeding. The forensic procedures ensure that any evidence of wrongdoing may ultimately be presented in administrative, civil, or criminal proceedings. In the words of Ekundayo (2020), the private companies are more prone to frauds due to the agency problems, this has created expectation gap of what auditors are expected to do and the limit to their scope. This limitation has created issue of credibility and confidence in the work of auditor both internal and external. With the advancement in information technology, the threats regarding forensic security and crime have changed dramatically, making organizations more vulnerable to exploits and crimes that are different from what we are used to. Forensic accounting will offer the high level of assurance in all these matters, having been arrived in a scientific version in carrying out its various assignments in detecting and combating fraud in our private organizations. Fraud is referred to as an intentional act whereby an individual takes advantage over another person through wilful deception or suppression of truth (Black's Law Dictionary, 1979). Fraud occurs in every organization and at all levels. Deception pattern especially in banks is on the higher side and has caused pain and failure to some banks and industries in Nigeria. On a daily basis, fraud affects accounting profession (Sylvester, 2018).

Through the development of forensic accounting, accountants now have one or more tools to deal with challenges faced in detecting financial fraud. The need to reduce fraud in companies to the minimal becomes very essential, due to the damages it has created. It is like a mask being used to cover up fraud. To uncover frauds, the introduction of forensic accounting becomes very necessary for forensic accounting to be so effective. Certain skills are required to be possessed by forensic accounting experts. These skills have a great impact on the effectiveness of forensic accountants' approach to clarify and report fraud as identified in the literature. Forensic accounting gives accounting analysis that is appropriate to the law court which will form the basis for argument, debate and in due course dispute resolution. Forensic accounting comprises of litigation support and investigative accounting (Zysman 2019). Forensic auditing is the application of accounting principles; theories and discipline to facts or hypothesis at issues in a legal dispute and encompasses every branch of accounting knowledge (AICPA, 2004). Forensic accounting is the tripartite practice of utilizing accounting, auditing and investigative skills to assist in legal matters. It is the specialty practice area of accounting that describes engagements that result from actual or anticipated disputes or litigation. Forensic accounting can therefore, be seen as an aspect of

accounting that is suitable for legal review, offering the highest level of assurance and including the generally accounted connotation of having been arrived at in a scientific fashion (Apostolou et al., 2000). Ojaide (2000) noted that there is an alarming increase in the number of fraud and fraudulent activities in Nigeria emphasizing the visibility of forensic auditing services. According to the Centre for Forensic Studies (2010) report in Nigeria; if well applied, forensic accounting could be used to reverse the leakages that cause corporate failures. This can be attributed to the fact that proactive forensic accounting seeks out errors, operational vagaries and deviant transactions before they crystallize into fraud. Forensic accounting methods are mainly used to detect and deter financial information manipulation that becomes more complex as a result of advanced information technology.

2.1.2 Forensic investigator

According to Bolgana and Robert (1985), the word forensic means, relating to the application of scientific knowledge to legal problems or usable in a court of law. According to Singleton 2004, Webster dictionary defines forensic as belonging to, used in, or suitable to courts of justice or to public discussions and debate. Thus, from the above definition it could be said that forensic auditors are experts in financial matters who are trained in detecting, investigating and deterring fraud and white collar crimes which are to be presented to court for legal action or to public discussion and debate. (Messier, 2000) definition which states that forensic auditors are fraud examiners employed by corporations, government agencies, public accounting firm and are trained by association of certified fraud examiners (ACFE) on areas which covers, fraudulent financial transactions, legal elements of fraud investigation, criminology and ethics.

Cabole (2010), defines forensic activity as the activity that consists of gathering, verifying, processing, analyzing of and reporting on data in order to obtain facts and/or evidence in a predefined context in the area of legal financial disputes and or regulative (including fraud) and giving preventative advice from the above one can say that a forensic auditor is an expert in accounting with experience and special skill in fraud detection and criminology that carries out investigation which is usable in the law court. Forensic accounting is directed at specific allegation-forensic investigators carries out investigation on specific allegations. Hence has much time to investigate and analyze thoroughly specific fraudulent financial issues with emphasis of using such as evidence in law court in case of dispute (Albrecht and Albrecht, 2009) According to Millucky and Mac (2013), financial audits are carried out on general financial matters (that means the auditor considers all issues which concerns all relating to accounting). Forensic investigator is not apt to accept explanations and documents at face value, the forensic investigator is expected to always go beyond the normal audit and search for fraud which are to be reported to who so ever have appointed the forensic investigator or to be used as expert evidence in the law court (Cole, 2009)

2.1.3 Forensic investigators and fraud activities

According to Eyisi and Agbaeze (2014), the responsibilities of forensic investigators in combating fraudulent activities include: Conducting Investigation: The forensic investigator does not carry

out procedural audit, but carries an audit which conducts investigation as to detect fraud or crime using computer programs or scientific knowledge. This means that forensic investigator should have the capability to use computer forensic tools that could be both software and hardware in carrying out its function as to detect or prevent fraudulent activities. Thus, by using computer forensic tools in carrying out its responsibilities, sophisticated fraudulent activities can be combated; Analyzing Financial Transactions: Forensic investigators should have the capabilities to analyze financial transactions which will help him to easily detect errors, fraudulent activities and omissions that may be presented for litigation or sent to the audit committee as to enable the audit committee to evaluate the quality of financial statement audit; Reconstruction of Incomplete Accounting Records: In order to combat fraudulent activities, the forensic investigator with his skills (Technological, Communications and Expertise Skills) in accounting knowledge can reconstruct incomplete accounting records, hence helping to detect and prevent fraud and ensuring good internal control system and good corporate governance and Embezzlement Investigation: In carrying out embezzlement investigation and providing documentation, and negotiation of insurance settlement the forensic investigator uses his special skills and experience, thus helping to detect the culprits and amount embezzled.

2.1.4 Financial Performance

Financial performance of an organization has to do with the measurement of management success in creating value for the organization. It deals with the way and manner in which financial resources available to an organization are judiciously used to achieve the overall corporate objective of the organization, to keep the organization in business and create greater prospect for future opportunities. The quintessential debates are whether all resources were used effectively, whether the revenue of the business met or even exceeded expectations and whether financing choices were made prudently (Adekunle & Asaolu, 2013). Iswatia (2007) believed that performance is the function of the ability of an organization to gain and manage the resources in several different ways to develop competitive advantage. He further opined that that there are two kinds of performance, financial performance and non-financial performance; and financial performance emphasizes on variables related directly to financial report. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggression (Stewart, 2009) banks performance is very essential to management as it is an outcome which has been achieved by an individual or a group of individuals in an organization related to its authority and responsibility in achieving the goal legally, not against the law, and conforming to the morale and ethic.

2.1.5 Measurement of Financial Performance

Return on Assets: This measure the return to all firm's assets and is often used as an overall index of profitability, the higher the value, the more profitable the firm. Rate of return on asset is

therefore an indicator of managerial efficiency as it shows how the firm's management converts the assets under its control into earnings. ROA is best used when comparing similar companies or comparing a previous performance (Falope & Ajilore, 2009).

Return on Equity: ROE tells what percentage of profit the company makes for every monetary unit of equity invested in the company. It is a measure of the profitability of a business in relation to the equity and this also measure the rate of return on owners' equity employed in the firm (Pandey, 2005). It indicates how well the firm has used the resources of owners. ROE is a measure of how well a company uses investments to generate earnings growth

Operating profit margin: It is profitability or performance ratio used to calculate the percentage of profit a company produces from operations, prior to subtracting taxes and interest charges. This measures the returns to capital per naira of gross firm revenue. It focuses on the per unit produced component of earned profit and the asset turnover ratio.

Net firm income: this comes directly on the income statement and it is calculated by matching firm's revenue with the expenses incurred in creation of revenue, plus the gains or losses on the sales of the firm's capital assets.

Profit after tax: this is the net amount earned by a business after all tax related expenses have been deducted. The profit after tax is often a better assessment of what a business is really earning and hence can use in its operations than its total revenue (Business dictionary, 2017).

2.1.6 Fraud and performance

According to the Association of Certified Fraud Examiners (2008), fraud is the use of one's occupation for personal enrichment through deliberate misuse or misapplication of the employing organization's resources or assets. It has also been considered as any act of deception performed by somebody to cheat or deceive another person to his detriment or the detriment of any other, or to cause injury or loss to another person while the perpetrator has a clear knowledge of his intension to deceive, falsify or take advantage over the unsuspecting and innocent victim (Robertson, 1976) resulting to suffering loss or damage (Stanley, 1994). According to Okafor (2004) and Osioma (2012), in the celebrated case of Wells vs Zenz, fraud is defined as a generic term which embraces all the multifarious means which human ingenuity can devise and are resorted to by one individual to get any advantage over another. It includes all surprises, tricks, cunning, dissembling and unfair ways by which another is deceived. Olufidipe (2014) defined fraud as deceit or trickery act deliberately practiced in order to gain some dishonest advantage. The point to note in the above definitions is that, fraud is a deliberate dishonest act that puts the perpetrator at an advantage over the victim. Performance was analyzed by European Central Bank, (2010) to be the capacity of a company to generate sustainable profitability within a specified period. Profitability is a bank's first line of financial protection against unexpected losses, as it improves its equity position and improves future earnings through the investment of retained profits. Alabede (2012) argued that there are basic internal and external factors affecting banks' profitability. The internal factors among others are liquidity, capital adequacy, high operating

expenses, etc., while the external determinants include macro-economic variables like financial structure, economic development, etc. Thus, these factors have resultant effect on performance and investors will want to invest in a company with high level of profitability.

2.1.7 Deposit Money Banks and Financial Performance

Deposit money banks have been globally acknowledged for their unique role as an engine of growth and development in any economy. The intermediation role played by the banking sector can be said to be a catalyst for economic growth and development as investment funds are mobilized from the surplus units in the economy and made available to the deficit units (Kolapo et al., 2012; Mohammed, 2012). Generally, deposit money banks provide an array of financial services to their customers through whom deposits are mobilized from the banking while credits are granted to companies, individual and government who need financial resources for profitable investment purposes. It can therefore be said that the effective and efficient performance of the financial industry is an important foundation for the financial stability of any nation. The extent to which banks advance credit to the public for productive activities accelerates the pace of a nation's economic growth as well as the long-term sustainability of the financial industry (Kolapo et al., 2012; Mohammed, 2012).

Deposit money banks are the major financial intermediaries that accept deposits and make loans directly to the borrowers (Quilym, 2012). Deposit money banks are the largest depository institutions in Nigeria because of their ability to mobilize large funds through saving. They also have the function of transforming those deposits to credit facility to individuals, businesses, as well as government in other to enable them embark on investment and development activities as a means of aiding their growth in particular and contributing toward the development of the country in general (Olokoyo, 2011). By undertaking this task, deposit money banks are said to be performing their functions as financial intermediaries by connecting surplus agents and deficit agents (Siklos, 2001).

Summarily put, the deposit money banks occupies a vital position in the stability of the nation's economy. It plays essential roles on fund mobilization, credit allocation, payment and settlement system as well as monetary policy implementation (Mohammed, 2012). In performing these functions, it must be emphasized that banks in turn promote their own performance and health. In other words, deposit money banks usually mobilize savings and extend loans and advances to their numerous customers bearing in mind, the three principles guiding their operations, which are profitability, liquidity and safety (Okoye & Eze, 2013).

2.1.7 Conceptual Framework on Forensic Accounting and Financial Performance of Listed Deposit Money Banks in Nigeria

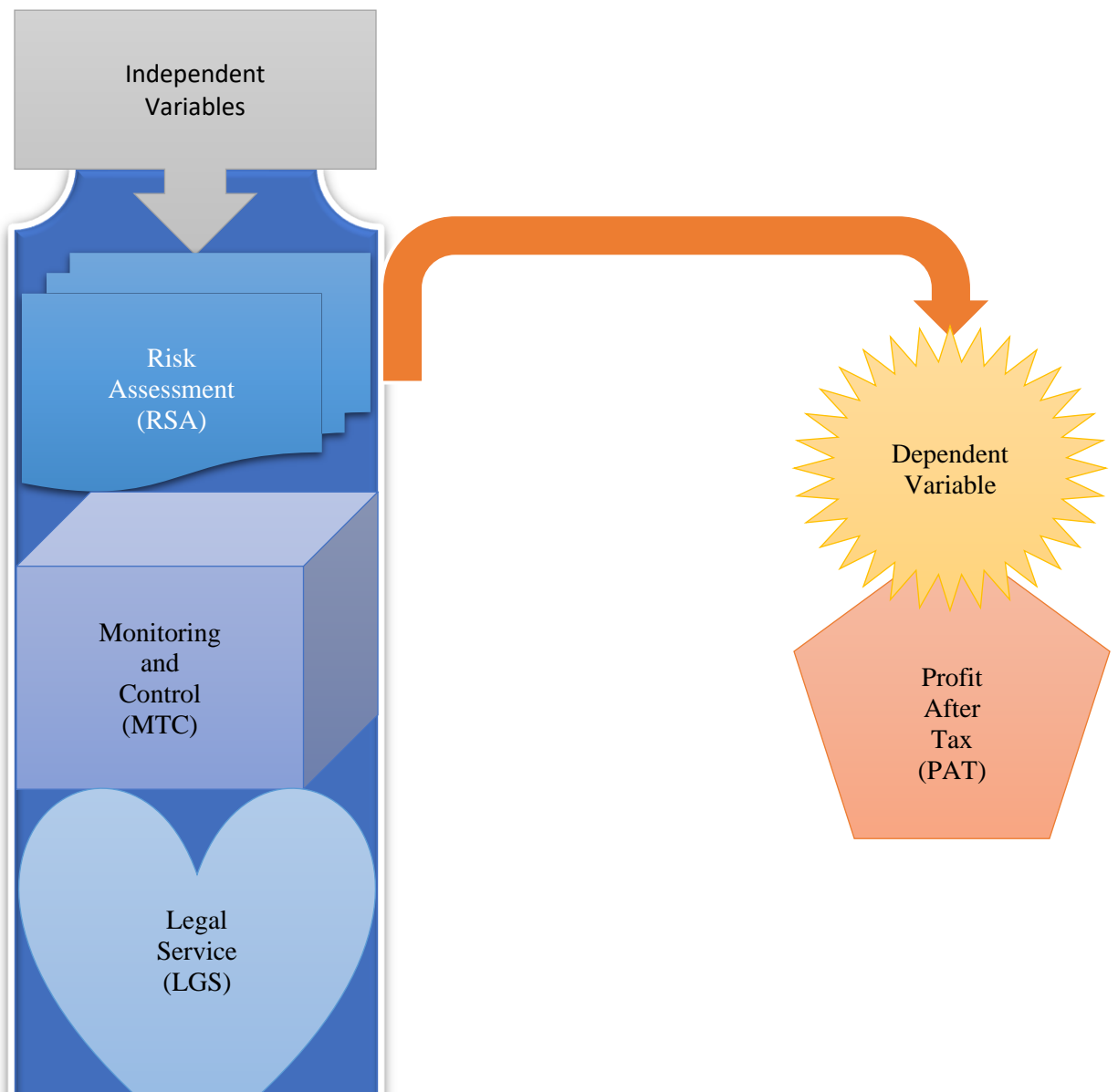


Fig. 1. Source: Researchers' Forensic Accounting and Financial Performance of Listed Deposit Money Banks in Nigeria Model, (2024)

2.2 Theoretical Review

2.2.1 White-collar Crime Theory

White-collar crime theory is a brain child of a Sociologist, Edwin Sutherland, who in the year 1939 introduced the theory. According to him, a crime committed by a person of high repute and social status in his professional calling and also a crime committed by corporations” (Sutherland, 1949). Edwin Sutherland’s theory became popular during the address he presented at a symposium organized by the American Sociological Society where he examined two fundamental phenomena, crime and high social status in society. He reiterated that white-collar criminals share the same attributes, characteristics and their modus operandi is typical of street urchins. He used the concept to challenge inappropriate modalities that are often applied when dealing with the similar offense committed by individuals of unequal status. White-collar offenses according to Sutherland comprises of abuses of trust, economic failure fraud, corruption, electronic or high-tech fraud, forgeries and falsification of records, intellectual property theft, misappropriation of funds, tax-related frauds, investment/securities fraud, degradation of environmental laws, public sector fraud, insider privileged information abuses, copyright theft, and insurance-related frauds. He further stated that white-collar crimes are known for the engagement of several advanced method to suppress their fraudulent activities, which includes the use of complex transactions, and, as such, they are difficult to track down for prosecution. One of the tested instruments for exposing white-collar criminals is the use of whistle blowers that have been helpful in reporting internal shady transactions. It is noteworthy that the Nigerian government through its Economic and Financial Crimes Commission (EFCC) had introduced whistleblowing as a method to expose fraudsters, some who have been nabbed while some of them have been arraigned for prosecution.

2.2.2 The Fraud Triangle Theory

Donald Cressey in 1950 introduced the Fraud Triangle Theory. Being a criminologist, Donald Cressey, is of the opinion that there must be a reason behind everything people do, by implication certain factors induces a person to engage in fraudulent actions which might not be limited to opportunity, financial pressure and rationalization. These three factors according to him formed the Fraud Triangle. Albrecht, Hill, and Albrecht (2006) on their submission were of the opinion that the theory can be compared to a fire, using the simple explanation that three elements are necessary for a fire to occur: (a) oxygen, (b) fuel, and (c) heat. Like fire, fraud is unlikely to exist in the absence of the three elements mentioned in the fraud triangle theory, and the severity of fraud depends on the strength of each element. By implication, for an individual to make any unethical decisions, perceived pressure, an opportunity, and a way to rationalize the behaviours must exist. Hence, to forestall the occurrence of such fraud, the service of a trained and experienced investigator like the forensic auditor is highly required. This theory has been widely criticized. While reviewing the theory, Ngalyuka (2013) submitted that the term perceived is vital in the context that the pressures, rationalizations, and opportunities may not necessarily be real. Chiezey and Onu, (2013) put forth that financial and non-financial pressures present the first temptation to commit frauds. Ngalyuka (2013) stated that 95% of the committed frauds are due to financial pressures such as debts, vices such as drug abuse and work related pressures such to show good sales performance amongst others.

The second factor is perceived opportunity. According to Wanyama, (2012), the perceived opportunity is the ability of the potential fraudster believing that that they can get away with the fraud or the consequences of being caught are manageable. Chiezey and Onu (2013) stated that the opportunity to commit fraud in the bank is characterized by employee access to assets and information that presents them with dual advantage of committing and concealing fraud. Kanu and Okorafor, (2013) buttressed that these opportunities are presented through weak control measures, lack of control measures enforcement, lack of sufficient punishment measures to act as a deterrence and inadequate infrastructure. The last factor contributing towards frauds is the concept of perceived rationalization. This involves rationalization or justification of the fraud aspect as acceptable (Njenga & Osiemo, 2013). While Ngalyuka (2013) opined that rationalization refers to the justification that the unethical behaviour is something other than criminal activity. Fraud triangle theory has been used as one of the theories in this study because it gives forensic accountants insight into the subject matter of fraud and pinpoint factors that can give rise to it in almost all circumstances.

2.2.3 Fraud Scale Theory

The fraud scale theory was developed by Albrecht, Howe, and Romney (1984) as a response to the fraud triangle model which believes that there are three sides to fraud activities, including opportunity, rationalization, and pressure, and when all three are present, the chance of occupational fraud increases. The concept of the fraud scale is an attempt to balance levels of pressure, opportunity, and personal integrity. The fraud scale is similar to the fraud triangle as it includes integrity, but it does not include rationalization, which is a key component of occupational fraud. Developers of the fraud scale suggest higher pressure, greater opportunity, and low personal integrity increase the likelihood of occurrence of occupational fraud within an organization. Rationalization is a deeply personal process that varies from one individual to the next. The fraud scale is very similar to the fraud triangle; however, the fraud scale uses an element called “personal integrity” instead of rationalization. This personal integrity element is associated with each individual’s personal code of ethical behaviour. Albrecht et al. (1984) also argued that, unlike rationalization in the fraud triangle theory, personal integrity can be observed in both an individual’s decisions and the decision-making process, which can help in assessing integrity and determining the likelihood that an individual will commit fraud. Experts agree that fraud and other unethical behaviours often occur due to an individual’s lack of personal integrity or other moral reasoning (Dorminey et al., 2010; Rae & Subramaniam, 2008). Hence, to forestall the occurrence of such fraud, the service of a trained and experienced investigator like the forensic auditor is highly required.

2.2. 4 Theoretical Underpinning

This study is grounded on fraud triangle and fraud scale theories, which both gives forensic accountants insight into the subject matter of fraud and pinpoint factors that can give rise to it in almost all circumstances. Fraud triangle model which believes that there are three sides to fraud activities, including opportunity, rationalization, and pressure, and when all three are present, the chance of occupational fraud increases. While, fraud scale is attempt to balance the levels of

pressure, opportunity, and personal integrity. The fraud scale is similar to the fraud triangle as it includes integrity, but it does not include rationalization, which is a key component of occupational fraud. The fraud scale is very similar to the fraud triangle; however, the fraud scale uses an element called “personal integrity” instead of rationalization. This personal integrity element is associated with each individual’s personal code of ethical behaviour.

2.3 Empirical Review

Agboare (2021) examined the role of forensic accountancy on financial irregularity uncovering in deposit money banks in Nigeria with the focus on the effectiveness of conducting enquiry on financial misstatement discovery and to know whether re-establishing incomplete accounting data can be effective in disclosing financial scam in DMBS. Primary source of data was employed through the use of structured Likert questionnaire. The study used descriptive statistics and regression analysis on SPSS version 20.0. The study found out that forensic accounting procedure of enquiry, scrutinizing financial records and reconstruction of partial accounting proceedings have a way or influence on misstatement discovery in DMBS in Nigeria. The study is limited to 10 DMBS license with international authorization operating in Nigeria while those with national authorization, regional and local authorization were unattended to which would have given the study a universal acceptance. But, this study covered 10 listed deposit money banks in Nigeria

Adesina et al (2020) accessed the relevance of the use of forensic audit in regulating financial mismanagement that is predominantly affecting the dependability and going concern of deposit money bank in Nigeria. Data were collected using survey design method and the four hypotheses formulated were analyzed by applying ordinary least square. The study discovered that the availability of a professional and knowledgeable forensic investigator would not only help reduce financial misappropriation in DMBS, but also increase the level of stability in the banking activities in the country. It is recommended that banking regulating agency should enforce the establishment of forensic department in all the DMBS in the country. The study population consists of all the deposit money banks in Nigeria having license with international authorization, national authorization, regional authorization and non interest with national authorization. The study fails to differentiate between the deposit money banks having regional authorization and non interest with national authorization. But, this study differentiate among the listed deposit money banks in Nigeria

Also, Ewa et al (2020) evaluated forensic accounting methods in fraud avoidance and discovery in Nigerian banking Institution, where specific measuring of influence of commercial data mining, ratio analysis and trend analysis procedures were examined in fraud uncovering. The study employed primary source to collect its data, this leads to sampling 170 senior and management staff of 15 license banks in River state. The questionnaire administered was analyzed using likert 5 point scale where the hypotheses formulated were analyzed through the use of descriptive statistics and ordinary least square (OLS). The study discovered that the use of forensic accounting practice significantly improved detection and restraint of misstatement in banking industry; it was also found that the study is limited to only the river state government and only the management staff of 15 branches. This may not necessary capture the wide coverage that may give the study

universal acceptance. But, this study focused on 10 listed deposit money banks out of 21 listed deposit money banks in Nigeria.

Okoroyibo and Omorepie (2019) assessed the influence of forensic accounting on the output of Nigerian banking industry where attention was focused on the assessing of the influence of forensic investigation on the NPM of selected banks in the country and to evaluate the role of forensic investigation on retained earnings and dividend per share of Nigerian banking system. Secondary source of data collection was employed in which the annual report and account for (12) twelve years (2007-2018) were evaluated. The data obtained were analyzed using multiple regression method. The study also used forensic audit (misstatement) as proxy for forensic accounting as dependable factors which NPM, PAT and DPS were used as independent variables. The study revealed that NPM, PAT and DPS were majorly influenced by forensic audit. The study is limited to the use of financial performance while non- financial like, customer satisfaction, staff welfare, board Performance were neglected which would have given the work a universal acceptability.

In the work of Bassey (2018), he assessed the effects of forensic accounting on the prevention of fraudulent activities in micro-financial banks in cross river state, the study focused on the use of the forensic accounting in the management of fraud. Data were gathered from both primary and secondary sources of data and they were effectively analyzed using ordinary least square technique. It was discovered that thorough use of forensic audit and litigation reduces fraud in the selected micro-finance banks. The study is limited to only micro-finance banks in cross-river state and no other part of the country. Besides, the study is also limited to micro-finance and no other financial institutions. Though the study indicated the use of both primary and secondary sources of data as means of data collection, but the focus was fully on primary data.

Likewise, kolawole et al (2018) examined the causes of forensic accounting and its influence on irregularity reduction exercise in DMBS in Nigeria with the focus on forensic accounting and reduction in misappropriation engagement in DMBS. The study use primary source of data collection through questionnaire directed at the staff of some selected banks in Lagos state. The data collected were tested and analysis using ordered logit regression. It was discovered that forensic accounting ameliorates assets swindle in Nigerian banking system. The study also discovered that there is strong link between forensic investigation and reduction of assist misuse in Nigerian DMBS. The study only examined some selected banks in Lagos which are not a true representation of fact in a country that has 36 state and FCT.

Ekechukudu et al (2018) investigated the influence of forensic accounting on the productivity of Nigerian banking industry with emphasis on net profit margin (NPM), profit after tax (PAT) and dividend per share (DPS) as representation of dependent factors elements in the study. The study employed secondary data by gathering 12 years (2006-2017) financial statement from guarantee trust bank and access bank plc annual reports. The data obtained were analyzed through multiple regression technique E view 9.0. The study discovered that forensic investigation has essential influence on the NPM, DPS, PAT, of the selected banks. The study only focused on financial performance of the banks while non-financial industries were neglected which would have brought

a perfect result if both have been studied. Besides, obtaining data from 2 (two) out of over (twenty-one) 21 banks did not show a good sample whose result can be generalized

Similarly, Mawutor et al (2015) studied misstatement and output of deposit money banks, where the impact of fraudulent activities in banks were examined. The study used secondary source of data collection through Nigeria deposit insurance corporation (NDIC) between 2006 and 016; the data collected were analyzed using ordinary least square to project the roles of fraudulent on deposit money banks. The study revealed that total misstatement sum was negative and insignificantly affects the performance of deposit money banks, however, the number of stated occurrences of fraud and staff involved, significantly and positively influence the position of deposit money banks. The study is limited to only financial performance which deviates from total performance as contained in the topic which if non-financial was involved would have given the study a robust conclusion.

Nkama and Okoh (2016) investigated forensic accounting and board performance in the Nigerian banking sector where the attention was shifted to the link between forensic accounting and board performance. Primary source of data was used to collect data from (15) fifteen staffs of first bank plc in the headquarters of the bank. The data obtained were tested using Pearson method correlation. The study revealed that there is a substantial optimistic link between the use of forensic investigation and corporate governance as measured by board performance. The study is limited to board performance which is part of non -financial performance. The study did not deal with customers satisfaction and staff welfare which would have balanced the result and make it more acceptable. The use of only the board of first bank plc is not a good representation of all the banks in the country.

Based on the reviewed literature, literature is very scanty on the effect of forensic audit and performance. Little or no attention had been given to forensic accounting and financial performance of listed deposit money banks in Nigeria as the focus has always been on financial irregularity which is distinguishable from forensic accounting that is the major player in fraud detention and prevention in banking sector. The gap which this study intends to fill emanates from the fact that the previous studies cantered on financial irregularities in banking sector. Thus, this study aim to examine forensic audit and performance of some selected listed deposit money banks in Nigeria. Thus, this study will be able to fill gap in literature by ensuring that effect of forensic accounting on financial performance by identify risk assessment, monitoring and control, legal service are the variables for the forensic accounting that were not mentioned in the precious research work, therefore creating gap(s) in literature.

3.0 Methodology

3.1 Research Design

To examine the effect of forensic accounting on the financial performance of listed deposit money banks in Nigeria, this study used a descriptive research design. The study used secondary data and the data was sourced from the yearly financial reports of the selected listed deposit money banks on the Nigerian Exchange Group during a ten-year time frame (2012-2021).

3.2 Sample Size and Sampling Techniques

The study used purposive sampling approaches, to selected 10 listed deposit money banks out of 21 listed deposit money banks on the floor of Nigerian Exchange Group as at 30th May, 2022, whose annual financial statements were accessible for all of the selection years, during a 10-year period, from 2012 to 2021.

3.3 Source of Data and Analysis Techniques

The study relied on secondary source of data. Secondary data were sourced from the audited financial reports of the sampled banks. The measurement of independent variables was realized through the cost or the amount spent in prevention of these variables (risk assessment, monitoring and control and legal service). The study took path of quantitative research and was built on ex-post facto research design. Time-series data for a period from 2012 to 2021, due to data availability as at the time of this investigation, were obtained from the Nigerian Central Bank's statistical bulletins. The data were analysed by using both descriptive and VEC model granger-causality test (due to observed cointegration vectors) as variance decomposition and impulse response analyses were also carried out.

3.4 Model Specification

The study adapted the model of Onuora et al (2020) which examined the effect of forensic accounting on corporate performance of listed deposit money banks in Nigeria. The model was stated in functional form as:

$$ROI = f(FA, INTA, LS) \dots\dots\dots (3.1)$$

Where,

- ROI = Return on Investment
- FA = Finance and Account
- INTA = Internal Audit
- LS = Legal Service

However, the study modified the model stated in equation (3.1) using profit after tax to measures the financial performance of deposit money banks in Nigeria while forensic accounting variables include risk assessment, monitoring and control, legal service. Hence, the adapted model for the study would be functionally specified thus:

$$PAT = f(RSA, MTC, LGS) \dots\dots\dots (3.2)$$

By disaggregating forensic accounting and introducing their proxies in (3.2) can be expanded thus:

$$PAT = f(RSA, MTC, LGS) \dots\dots\dots (3.3)$$

In a regression form the equation 3.3 is written as:

$$PAT = \beta_0 + \beta_1 RSA + \beta_2 MTC + \beta_3 LGS + \mu \dots\dots\dots (3.4)$$

Where:

- PAT = Profit after tax
- RSA = Risk Assessment
- MTC = Monitoring and Control
- LGS = Legal Service

4.0 Results and Discussions

In an attempt to examine forensic accounting on the financial performance of listed deposit money banks in Nigeria, the study begins the analysis with descriptive statistics and the outcome of this test is reported in table 4.1

4.1 Descriptive Statistics

Table 4.1: Descriptive Statistics of Variables

	PAT	RSA	MTC	LGS
Mean	3747.711	1552.429	512.9925	1839.131
Median	2068.880	638.0500	336.3400	669.3250
Maximum	11116.85	6997.390	2289.000	9022.420
Minimum	11.25000	5.830000	4.100000	14.81000
Std. Dev.	3902.272	1885.325	531.6800	2229.157
Skewness	0.576390	1.177887	1.335506	1.676841
Kurtosis	1.823219	3.457469	4.854452	5.237615
Jarque-Bera	4.070574	8.638430	15.85994	24.38117
Probability	0.130643	0.013310	0.000360	0.000005
Observations	100	100	100	100

Source: Authors' Computation (2024)

Reported in Table 4.1 is the descriptive statistics which revealed the mean value of profit after tax, risk assessment, monitoring and control and legal service are 3747.711, 1552.429, 512.9925, and 1839.131 respectively. The minimum values are 11.25000, 5.83000, 4.1000 and 14.8100 with a maximum of 11116.85, 6997.390, 2289.000 and 9022.420 for profit after tax, risk assessment, monitoring and control and legal service respectively. The extent of adjustment given by the standard deviation indicated that the highest deviation is profit after tax while monitoring and control showed the lowest. Thus, monitoring and control is most widely dispersed among the parameters. All the data are positively skewed and leptokurtic, suggesting that more value are found around mean except profit after tax. The data also present normal distribution except profit after tax with Jarque-Bera p-value of 0.1306 which is above than 0.05. However, this is normality of data distribution rather than that of the expected error terms.

4.2 Unit-root test

Table 4. 2: Unit Root Test

		PAT	RSA	LGS	MTC
With Constant	t-Statistic	-0.4076	4.5506	0.1509	1.3541
	Prob.	0.8970	1.0000	0.9652	0.9984
With Constant &Trend	t-Statistic	-2.5908	1.4895	-0.9007	-0.9830
	Prob.	0.2865	1.0000	0.9447	0.9336
Without Constant &Trend	t-Statistic	0.6575	6.3179	1.0186	2.3278

		Prob.	0.8534	1.0000	0.9155	0.9941
			d(PAT)	d(RSA)	d(LGS)	d(MTC)
With Constant	t-Statistic		-5.6087	-2.6107	-2.6874	-4.3980
	Prob.		0.0000	0.1007	0.0866	0.0014
With Constant &Trend	t-Statistic		-5.5754	-4.2816	-2.8584	-4.8076
	Prob.		0.0003	0.0093	0.1879	0.0025
Without Constant &Trend	t-Statistic		-5.4090	-1.4421	-2.5271	-4.1001
	Prob.		0.0000	0.1367	0.0131	0.0002
			PAT	RSA	LGS	MTC
With Constant	t-Statistic		-0.5084	3.9842	-1.0641	1.5979
	Prob.		0.8777	1.0000	0.7184	0.9992
With Constant &Trend	t-Statistic		-2.5908	2.0825	-1.9731	-2.6333
	Prob.		0.2865	1.0000	0.5947	0.2691
Without Constant &Trend	t-Statistic		0.5215	7.0352	-0.1420	2.5675
	Prob.		0.8235	1.0000	0.6274	0.9967
			d(PAT)	d(RSA)	d(LGS)	d(MTC)
With Constant	t-Statistic		-5.5932	1.1132	-2.7270	-2.7172
	Prob.		0.0000	0.9965	0.0800	0.0822
With Constant &Trend	t-Statistic		-5.5628	-3.1738	-2.9405	-5.5502
	Prob.		0.0003	0.0135	0.1632	0.0007
Without Constant &Trend	t-Statistic		-5.4062	3.1862	-2.5590	-0.9767
	Prob.		0.0000	0.9992	0.0121	0.2874

Source: Authors' Computation (2024)

It is imperative to understand the stationary condition of these variables prior to estimation. The outcome of the unit-root determined the empirical method adopted. Phillip Perron (PP) and Augmented-Dickey-Fuller (ADF) method were adopted. The tests were conducted under three conditions namely; with constant, with constant and trend, and without constant and trend. Result of PP as presented in Table 4.2, indicates that all the variables were non-stationary at level, and at the three conditions, but were stationary at first difference. Similarly, result of the ADF reports that all the variables present stationarity at first difference.

4.3 Johansen Co-integrating Test

Table 4. 3: Johansen Co-integrating Test

Panel A: Unrestricted Co-integration Rank Test (Trace)

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.829679	126.3542	69.81889	0.0000
At most 1 *	0.600514	66.17181	47.85613	0.0004
At most 2 *	0.439595	34.97422	29.79707	0.0116
At most 3	0.279586	15.28500	15.49471	0.0538
At most 4 *	0.114523	4.135395	3.841466	0.0420

Trace test indicates 3 co-integrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Panel B: Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.829679	60.18236	33.87687	0.0000
At most 1 *	0.600514	31.19759	27.58434	0.0164
At most 2	0.439595	19.68922	21.13162	0.0786
At most 3	0.279586	11.14961	14.26460	0.1469
At most 4 *	0.114523	4.135395	3.841466	0.0420

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Source: Authors' Computation (2024)

The outcome of unit-root test in Table 4.2 indicated that the variables are stationary at first difference. Therefore, it becomes necessary to note number of co-integration among the variables. In a bid to achieve this, Johansen Co-integration Test was adopted to determine the long-run relationship among the variables. Indication from the co-integration tests results in Table 4.3, shows that null hypothesis of 'no co-integration' among the variables was rejected at 5% level of significance using both the trace statistics and maximum Eigen statistics. The trace statistic point out that there are at least three co integrating equations. Result of maximum Eigen value shows that there are at least two co-integrating equations among these variables. This finding conforms to the submission of Nayak and Hazarika (2022); Nwosu and Okafor (2014). The outcome of the co-integration test was the reason for adopting Vector Error Correction Model (VECM) to obtain the granger-causality, impulse response and variance decomposition.

4.4 VEC granger-causality test

Table4. 4: VEC Granger Causality Test

Dep. Var	D(PAT)	D(RSA)	D(LGS)	D(MTC)
D(PAT)		49.2443 (0.0000)	24.7600 (0.0000)	17.8318 (0.0005)
D(RSA)	6.6698 (0.0832)		8.0778 (0.0444)	6.6298 (0.0847)
D(LGS)	1.6375 (0.6509)	2.6712 (0.4451)		3.6888 (0.2971)
D(MTC)	5.5213 (0.1374)	3.1569 (0.3681)	5.8465 (0.1193)	

Source: Authors' Computation (2024)

Table 4. 4 revealed that there existence of causality among some of these variables. In the first row of the Table 4.4, reveals that causality runs from risk assessment to profit after tax at 5% significant level. This finding is in tandem with earlier submission by Nwosu and Okafor (2014) that used both disaggregated data. Similarly, legal service granger cause profit after tax ($\chi^2=24.760$, $p<0.05$). In the same direction, risk assessment granger cause profit after tax ($\chi^2=25.057$, $p<0.05$). Risk assessment also granger cause profit after tax. Moreover, all the variables jointly granger cause profit after tax ($\chi^2=118.1950$, $p<0.05$). These result simply that, legal service, monitoring and risk assessment are drivers of forensic accounting in Nigeria, this finding is in line with Akani and Ogbeide (2017). Further, it was uncovered that there is no causality from risk assessment, although weak granger causality was discovered from monitoring and control to risk assessment ($\chi^2=6.6298$, $p<0.05$). Legal service granger cause risk assessment ($\chi^2=8.0778$, $p<0.05$). This also indicates that a proportion of legal service contracted by the banks is being channelled to control and reduce the level of the risk involved by the bank, which can be counterproductive and inimical to banks productivity. The result further revealed that all the variables jointly granger cause risk assessment ($\chi^2=30.9662$, $p<0.05$). The result on profit after tax indicates that none of the variables granger cause risk assessment in Nigeria. The study found out that bidirectional causality exists between profit after tax and legal service consistent with the submission of Button, Johnston, Frimpong, & Smith, (2007). It shows that there is existence of feedback between profit after tax and monitoring and control. Therefore, it is concluded that the null hypothesis that there is no causal relationship between the variables cannot be embraced.

4.5 Variance Decomposition

Table 4.5: Variance Decomposition

Panel A; Decomposition PAT				
Period	PAT	RSA	LGS	MTC
1	100.0000	0.000000	0.000000	0.000000
2	95.28752	4.618483	0.023974	0.002404
3	86.48001	12.38050	0.067332	1.007942
4	65.94599	29.81592	0.407495	3.551624
5	41.56686	49.08504	1.255319	7.454259
6	23.48591	62.79835	2.290722	10.50356
7	14.02655	69.45013	3.123884	12.30905
8	10.39833	71.56268	3.678351	13.17619
9	9.756561	71.45305	4.027790	13.52843
10	10.40809	70.46239	4.249941	13.62183

Panel B; Decomposition RSA				
Period	PAT	RSA	LGS	MTC
1	2.699116	97.30088	0.000000	0.000000
2	13.33777	79.47194	0.103424	6.405023
3	11.08840	78.04294	0.773696	8.908597
4	12.30850	74.11940	1.591983	10.66597
5	13.49267	71.47236	2.297249	11.41967
6	14.85261	69.19872	2.822942	11.82646
7	15.94744	67.47545	3.215260	12.07599
8	16.78481	66.17064	3.516790	12.25101
9	17.42273	65.17642	3.753997	12.37745
10	17.92160	64.40380	3.942026	12.46964

Panel C: Decomposition LGS				
Period	PAT	RSA	LGS	MTC
1	8.826309	13.09863	78.07506	0.000000
2	22.61323	12.00998	64.58495	0.102717
3	36.27908	9.527809	53.10115	0.162539
4	43.56340	9.685006	45.84141	0.109159
5	46.70629	11.64252	40.92346	0.129576
6	47.13464	14.98788	37.07691	0.371960
7	46.32770	19.09161	33.42543	0.851258
8	44.83708	23.61369	29.77941	1.544528
9	42.84676	28.33808	26.19331	2.427774
10	40.48629	33.06014	22.79244	3.453304

Panel D: Decomposition MTC				
Period	PAT	RSA	LGS	MTC

1	0.000194	54.31414	0.275849	45.40374
2	1.291150	54.10851	0.814783	43.57198
3	0.963670	59.21135	1.039063	38.52070
4	3.120819	61.06963	1.142364	34.51543
5	4.743599	63.19054	1.428723	30.48778
6	6.477179	64.36002	1.874246	27.06194
7	8.293151	64.86664	2.349104	24.16198
8	10.15608	64.83516	2.768147	21.80013
9	11.84143	64.56398	3.118081	19.92338
10	13.27581	64.20698	3.408660	18.44937

Source: Authors' Computation (2024)

In the Table 4.5, it is shown that profit after tax in period one accounted for 100% variation of shocks in itself, while in period two, risk assessment accounted for 4.61% variation. Therefore, source of variation at this period was due to reaction and shocks within the variable. But, in the period three, profit after tax shocks accounted for 86.48% variation in profit after tax, while legal service and control and monitoring accounted for 12.38% and 1.007% respectively in the variation of profit after tax. In the fifth period, risk assessment accounted for the highest value of variation in profit after tax shocks with 49.08%, while profit after tax accounted for 41.56% variation shocks in it. From the fifth period till tenth period, it is evident that risk assessment constitutes increasing variation of shocks in profit after tax up to approximately 72% and 71% in the ninth and tenth periods respectively. These findings imply that financial performance is being driven by forensic accounting. This reveals that profit after tax in deposit money banks responds to risk assessment. It shows that profit after tax for the high percentage variation in risk assessment, but could not granger-cause the risk assessment at 0.05 significance level.

4.6 Discussion of Findings and Implications

This study examined effect of forensic accounting on the financial performance of listed deposit money banks in Nigeria. In a bid to accomplish this, both descriptive and VEC model granger-causality test (due to observed co-integration vectors) as variance decomposition and impulse response analyses were also carried out. The study reveals that causality runs from risk assessment to profit after tax at 5% significant level. This finding is in tandem with earlier submission by Nwosu and Okafor (2014) that used both disaggregated data. Similarly, legal service granger cause profit after tax ($\chi^2=24.760$, $p<0.05$). In the same direction, risk assessment granger cause profit after tax ($\chi^2=25.057$, $p<0.05$). Risk assessment also granger cause profit after tax. Moreover, all the variables jointly granger cause profit after tax ($\chi^2=118.1950$, $p<0.05$). The results implied that, legal service, monitoring and risk assessment are drivers of forensic accounting in Nigeria, this finding is in line with Akani and Ogbeide (2017). Further, it was uncovered that there is no causality from risk assessment, although weak granger causality was discovered from monitoring and control to risk assessment ($\chi^2=6.6298$, $p<0.05$). Legal service granger cause risk assessment ($\chi^2=8.0778$, $p<0.05$). This also indicates that a proportion of legal service contracted by the banks

is being channelled to control and reduce the level of the risk involved by the bank, which can be counterproductive and inimical to banks productivity. The result further revealed that all the variables jointly granger cause risk assessment ($\chi^2=30.9662$, $p<0.05$). The result on profit after tax indicates that none of the variables granger cause risk assessment in Nigeria. The study found out that bidirectional causality exists between profit after tax and legal service consistent with the submission of Button, Johnston, Frimpong & Smith, (2007). It shows that there is existence of feedback between profit after tax and monitoring and control of the sampled listed deposit money banks in Nigeria.

To reinforce the findings on variance decomposition and granger-causality model, the study estimates impulse response of the variables. In a bid to examine effects of shocks on adjustment path of these variables of interest, the Impulse Response Function (IRF) was estimated from the VEC models. This procedure helps to obtain mechanism through which profit after tax, risk assessment, legal service, monitoring and control respond to shocks. The result displays that a shock to profit after tax produced antithetic effect on itself. The Trend assumed negative values right from the first period and was sustained till end of the time horizon. Profit after tax respond positively to risk assessment from the same reporting clime. Also, legal service, risk assessment shocks induce positive shocks to profit after tax throughout the time horizon. Thus, any improvement on monitoring and control, risk assessment and judicious use can bring about positive effect on profit after tax of deposit money banks in Nigeria. Furthermore, shocks to risk assessment and legal service have positive effect in the short-run and long-run on risk assessment on profit after tax of deposit money banks in Nigeria.

5.0 Conclusion

From the result that emanated from this study, the findings revealed that risk assessment, legal service, monitoring and control have positive effect on profit after tax. The study concluded that forensic accounting has positive effect on financial performance of listed deposit money banks in Nigeria, especial when measured financial performance with profit after tax. The study further established that all the variables have significant effect on profit after tax of deposit money banks in Nigeria. Since risk assessment, legal service, monitoring and control has positive effect on profit after tax of listed deposit money banks in Nigeria, therefore it was recommended that management of listed deposit money banks should establish forensic accounting department in each of their branch to enhance the investigative aspect of accounting in deposit money banks in Nigeria. Also, the management of deposit money banks should organise training programme on forensic accounting for the accountants to undergo to refresh their knowledge on forensic accounting so that they can be in position to offer sound advice that can be useful to banks

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