

Forensic Accounting and Fraudulent Financial Reporting in Nigeria

***A.O. Enofe, Michael Sunday Olorunnuho & America Duke Okporua**

Department Of Accounting, University Of Benin,
Benin City, Nigeria.

*Corresponding Author: Augustine@Enofe.Com

Abstract

Financial reported and financial statement matter most for equity reported in Nigeria Banks. This study has drawn considered the contemporary among the responded samples from selected Nigeria Banks based of the objectivity in Nigeria Banks. The sampled elements for the study consisted of 150 professional Accountant and employees selected from the Banks. To attained result used the proportionate random and stratified sampled technique. To tested the level of compliant of financial reporting in Nigeria Banks. The econometric model employed in this study is a multiple regression model. Hence our model is designed to measure the relations between the role of forensic accounting in fraud prevention, relevance of the audited financial statement and true and fair view of the audited financial statement. The results show that that all the variables (FP and TFAFS) but relevance of financial statement (RFS) exhibit positive relationship with forensic accounting in the Nigerian Banks.

We recommended that Regulatory bodies and law enforcement agencies for its important roles for such Securities and Exchange Commission and the Financial Reporting Council of Nigeria should issue sufficient guidelines for proper financial disclosure practices in company's financial statements, Auditing firms that take independent audit assignment from firms listed on the Nigerian Stock Exchange should also make contributions at improving firms' corporate culture about reporting practices and Corporate firms and regulatory bodies should engage in active dialogues and related activities to promote awareness on the important function of the forensic accountant skills.

Key Words: *Forensic Accounting, Fraudulent, financial, reporting, Financial Fraud, Detection, and Prevention*

INTRODUCTION

The position of financial reporting is a contemporary matter in business circle. The creed of stakeholders is doubtful of preparation the financial statements by the statutory auditors for credibility. The financial reports ought to be relevant of its reliable financial information consistent disclosure for generally accepted objectives, (Krstic, 2009). The financial statements indeed testified user confident on their decision (Izedonmi and Ibadin, 2012). Due to ongoing corporate scandals and collapse of corporate organizations, so much has been reported to lack of credible and objectivity financial position for statutory. Consequently, this day's so many elements factors contributed to corporate failures witness from Adelphia, Enron, and WorldCom. and on the scale of governmental preference (EFCC, 2004).

The banks failure is as a result of inadequate internal control and other manipulation. Abilities to put things effectively required fair deals. The Banks these days are noncompliance true financial reporting. Outside several risks they exposed to in the course of doing business. This is not properly managed. One of such risks which is

increasingly becoming a source of worry is, the banking risk associated with fraud. Which literarily means a conscious and deliberate action by a person or group of persons with the intention of altering the truth or fact for selfish personal gain; this could also be transfer to financial statements. Attract public confident and more for business transactions. is now by far the single most veritable threat to the entire banking industry. It is indeed worrisome that while banks are constantly trying to grapple with the demands of monetary authorities to recapitalize up to the stipulated minimum standards, fraudsters are always at work threatening and decimating their financial base. Also more worrying is the rise in the number of employees who are involved in the act as well as the ease with which many escape detection thus encouraging many others to join in perpetuating fraud (Onibudo, 2007).

Ijeoma (2014) stated that, fraudulent financial reporting in the Banking Industry in recent years, have been on the increase. Banks present grossly exaggerated, misleading, and deceptive state of financial affairs in order to attract unsuspecting investors or obtain undeserved accounting based rewards. It is evident that the extent of window dressing of financial statements in Nigeria has greatly violated all known ethical standards of the accounting and auditing profession. The list of cases linked to creative accounting practices is on the rise as more corporate bodies in Nigeria are being investigated.

Nigeria has so far prove to the public action met on wanting Banks officers. The Chief Executive Officers and investigations into their activities by the Anti- graft agency, Economic and Financial Crimes Commission (EFCC) are largely due to fraudulent financial reporting. In 2009, the Central bank of Nigeria (CBN) sacked five (5) Banks managing directors and Executive Directors for mismanagement and alleged fraud. This has affected the stability and growth of the Nigerian financial system since some of the said banks are no longer operational. It is therefore arguable that the practice of fraudulent financial is inimical to the continual growth of the Nigerian financial system and the operations within these organisations create more opportunities for fraudulent activities (Ijeoma, 2014).

Gallet (2010) emphasis on opportunity for those event to take place detailed knowledge of the company environment and place of responsibility with interest, of the information system, and of the control mechanism, and who has a series of technical skills. The pressures that lead to the appearance of fraud come from the direction of empowering persons who cannot prove their ability to efficiently manage essential fields/systems in the company (for example: bank accounts, cash and cash equivalents), from a series of personal failures, from mistaking the company's wealth for the personal wealth, from the physical and psychological isolation of the person who commits the fraud, from the desire to improve their personal status by resorting to such actions, as well as from the relationships between employee and employer when the employees consider that they are not sufficiently remunerated in compensation to their effort (Gallet, 2010).

Different scholars have defined fraud, forgeries and errors in various ways. Fraud is described as an act of deliberate deception with the intention of gaining some benefit, in other words it is the act of dishonestly pretending to be something that one is not. (Chamber English Dictionary, 2002). Wikipedia (2008) defines bank fraud as whenever a person knowingly executes, or attempts to execute, a scheme or artifice (1) to defraud a

financial institution; or (2) to obtain any of the moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of, a financial institution, by means of false or fraudulent pretences, representations, or promises. Also from the legal point of view, Fagbemi (1989) perceived fraud as “the act of depriving a person dishonestly of something which is his or something to which he is or would or might but for the perpetration of fraud.

Statement of Research Problem

The failure of the major corporate governance mechanism to reduce financial fraud and the increasing numbers of financial fraud has posed serious threat to investors, government, and general public (Eyisi and Agbaeze, 2014) economies scandals. Moreover, the stakeholders of most companies are worried over the unqualified audit report and manipulation of financial statements not been satisfied certified by external auditors found serious financial crisis leading to bankruptcy and most times liquidation, thereby thrive investors lost, (Aneto, 1993). An instance of case of corporate financial statement audit fraud could be drawn from Enron and WorldCom which has capitalized expenses resulting to increased profit which is not in existence and yet such company audit was unqualified by their auditors resulting to corporate failure of two big companies in USA. In Nigeria the case of Cadbury plc and AfriBank plc etc (Zimbleman, Albrecht, Albrecht & Albrecht, 2012 and Awolabi, 2012) is another prime example of corporate malfeasants.

The effect of financial crimes is enormous. Cotton (2002) attributes the collapse of Enron, WorldCom, Tyco, Adelphia, to corporate fraud where over \$460 billion was said to have been lost. In Nigeria, Cadbury Nig Plc whose books were criminally manipulated by management was credited to have lost \$15 million. In the case of nine commercial banks were fraudulent and constituted financial crimes in Nigeria, about one trillion naira was credited to have been lost through different means (EFCC Act 2004). Consequently, there is a general expectation that forensic accounting may be able to combat financial fraud in Nigeria. Importantly, also of the category of fraud committed in most corporate settings by managers, financial statement frauds cause the highest amount of losses at the company level and aim to distort the financial truth in order to obtain certain advantages or to hide the possible losses or negative performance (Rezaee, 2010). Thus the need for forensic accounting training and skills is currently an issue of concern as a survey by Marczewski and Akers (2005) and Beasley and Jenkins (2003) revealed that most accountants and auditors found that had difficulty in identifying fraud risks (Beasley and Jenkins, 2003).

Instance of corporate financial fraud could be drawn from recent bank failure in Nigeria where management has fraudulently given loans without board approval and yet such bank annual report has been unqualified for its shady deals. However, external auditors have continued to certify fraudulent financial statement as unqualified audit report thus, resulting to impoverishment of investors and most times corporate collapse and economic crisis. Since the external auditors has refused to accept the responsibility of detecting financial fraud, rather has claimed to be only responsible for laying credence to financial statement this has created a gap between the users of accounting information and accounting profession. This gap is known as Audit Expectation gap (Adeniji, 2004; Ekwueme, 2000). Hence, the failure of statutory audit to prevent and reduce fraudulent

activities in Banks had necessitated the need for the employment of skills of forensic Accounting (Owojori & Asaolu, 2009).

Although the incidence of frauds is neither limited to the banking industry nor peculiar to Nigeria economy, however the high rate of fraud within the banking industry, calls for urgent attention with a view to finding lasting solutions. In view of the above problems, this study tends to examine the role of forensic accounting in combating fraudulent activities so as to improve performance in Nigeria Banks.

Research Question

In the light of this, the following research problem will be addressed in the course of this study.

1. How will forensic accounting influence financial performance in Nigeria Banks?
2. How does the application of forensic accounting services enhance the relevance of financial statement in Nigeria Banks?
3. How does forensic accounting validates the true and fair view of the audited financial statements in Nigeria Banks?

Objectives of this Study

The main objective of this study is to examine forensic accounting and financial reporting in Nigeria Banks. The specific objectives are to:

- Identify how forensic accounting influences financial performance in Nigeria Banks
- Determine the extent of the application of forensic accounting services enhance the relevance of financial statement in Nigeria Banks
- Established the degree forensic accounting validates the true and fair view of the audited financial statements in Nigeria Banks

Research Hypotheses

The following hypothesis shall be tested in this study.

H₀₁: there is no significant relationship between forensic accounting and financial performance in Nigeria Banks

H₀₂: forensic accounting does not significantly enhance the relevance of the financial statement in Nigeria Banks

H₀₃: there is a significant relationship between forensic accounting and the true and fair view of the audited financial statement in Nigeria Banks

Literature Review

We will review relevant empirical literature relating to forensic accounting in Nigeria Banks and as they affect firms performance. It will be arranged describing forensic accounting and fraudulent practices, meaning and scope.

Concept of Forensic Accounting relating to study

Forensic accounting has been termed the fastest growing area of accounting today, to improve on true position of things, (Wallace, 1991). Despite the recent spotlight, forensic accounting is not new. Its roots have been traced as far back as the early 1800's to Glasgow, Scotland that, notwithstanding forensic accounting as a profession remained relatively unknown until the plethora of high-profile corporate scandals and stricter reporting and internal control regulations which brought to light its importance to the business world (Wallace, 1991).

A documented history indicates that Maurice E. Peloubet is credited with developing the term Forensic Accounting in his 1946 essay "Forensic Accounting"

Although the term may not have been used before the 1940s, a strong argument can be made that the first high-profile forensic accountant was Frank J. Wilson, the man who spearheaded the campaign to convict Alphonse “Scarface” Capone for tax evasion in 1931 (Joshi, 2003). By this time, Forensic Accounting had proven its worth during World War II.

However, formalized procedures were not in place until the 1980's when major academic works were published (Emeh and Obi 2013). Joshi (2003) ascribed the origination of forensic accounting to Kutilya, the first economist to openly recognize the need for the forensic accountant whom he said, mentioned 40 ways of embezzlement centuries ago. He, however, stated that the term “forensic accounting was coined by Peloubet in 1946.

The financial reports ought to be relevant for its purpose for what it is based on, in the sight of users and references. Both at comparability, (Izedonmi and Ibadin, 2012) and Krstic, (2009) both stress on needs for credible and how objective financial position for statutory should be. Consequently, both it's in others way from Adelphia, Enron, and WorldCom.

Crumbley (2001) wrote on same when he stated that a form of forensic accounting can be traced back to an 1817 court decision. He stated also that a “young Scottish accountant issued a circular advertising his expertise in arbitration support in 1824” but that Peloubet was probably the first to publish the phrase forensic accounting. Investigation of fraud and corruption is confirmed thus, not to be new, even in Nigeria. It is only gaining prominence because of the growing wave of the crime under the seemingly new nomenclature the last five years (Coenen 2005).

The Oxford Advanced Learners English Dictionary (2000:548) defines forensic as belonging to, used in, or suitable to a court of judicature or to the public discussion or debate. Forensic accounting in the view of Howard and Sheetz (2006) is simply the process of interpreting. Summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert witness. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation. From business, government, regulatory authorities, and the courts, evidence indicates that a high level of expertise is necessary to analyse current complicated financial transactions and events. As a result, forensic accounting has been thrown into the forefront of the crusade against financial deception (Rumaswamy, 2005).

In the view of Damilola and Olofinsola (2007), Forensic accounting is the application of criminalities methods and integration of the accounting investigative activities and law procedures to detect and investigate financial crimes and related economic misdeeds. To them, Forensic accounting is a highly technical and specialized area of practice within the principles and ethics of accounting profession. They further assert that it is not every forensic accounting engagement that ends up in the court of law. According to Dhar and Sarkar (2010), forensic accounting, also called investigative accounting or fraud audit, is a merger of forensic science and accounting.

Coenen (2005) stated that, forensic accounting involves the application of accounting concepts and techniques to legal problem. It demands reporting, where the accountability of the fraud is established and the report is considered as evidence in the court of law or in the administrative proceeding (Joshi). It provides an accounting analysis that is suitable to the court, which will form the basis of discussion, debate and

ultimately dispute resolution (Zysman, 2004). These means that forensic accounting is a field of specialization that has to do with provision of information that is meant to be used as evidence especially for legal purposes. The persons practicing in this field (forensic accountants) investigate and document financial fraud and white-collar crimes such as embezzlement and investigate allegations of fraud, estimates losses damages and assets and analyses complex financial transaction. They provide those services for corporation, attorneys, criminal investigators and the Government (Coenen,2005). Their engagements are usually geared towards finding where money went, how it got there, and who was responsible. They are trained to look beyond the numbers and deal with business reality of the situation (Zysman2004).

Crumbley (2003) defined forensic science as the application of laws of nature to the laws of man. He described forensic scientists as examiners and interpreters of evidence and facts in legal cases that also offers expert opinions regarding their findings in court of law. Baird and Zelin (2009) say that forensic accounting is important investigative tool for detection of fraud. Gray (2008) reported that the forensic accountants investigation include identification of fraud. Gottschalk (2011) stated that the focus of forensic accounting is on evidence revealed by the examination of financial documents. The evidence collected or prepared by a forensic accountant may be applied in different contexts. According to Curtis (2008), forensic accountants are essential to the legal system, providing expert services such as fake invoicing valuations, suspicious bankruptcy valuations, and analysis of financial documents in fraud schemes. The above definitions all stressed out the component, skills purpose uses of forensic accounting.

Relevance of the Financial Statement and Forensic Accounting in Banks

Forensic Auditing is a field of accounting that is attracting attention as a result of persistent occurrence of frauds. Crumbley (2003) defined forensic accounting as an accounting analysis that can uncover possible fraud that is suitable for presentation in court. This means the primary aim of forensic auditing is fraud detection. Several studies centered on the detective role of forensic accounting and fraud prevention in Nigerian deposit banks. However, little or no attention has been given to its possible application in Nigerian banks especially taking into cognizance the factors that may hamper its application, and acceptance. It is against this background that the study seeks to examine the possible application of forensic auditing in reducing fraud cases Nigerian banks.

In the context of the banking industry, Gold- Irokalibe (1995) opines that banking fraud or malpractice is an action or conduct by which the perpetrator aspires to gain a rather dishonest advantage over another in pecuniary. Ihiagarajah (2008) views bank fraud to any of a number of actions carried out with the intent of defrauding a financial institution. Similarly, the concept has been stated to mean the use of fraudulent means to obtain money, assets, or other property owned or held by a financial institution (Wikipedia, 2013). One thing stands out from the various definitions above which is the fact that fraud vary widely in nature, character and method of perpetration.

Gallet (2010) sees these opportunities as coming from those who know the detailed knowledge of the company environment, of the information system, and of the control mechanisms, and who has a series of technical skills. The pressures that lead to the appearance of fraud come from the direction of empowering persons who cannot prove their ability to efficiently manage essential fields/systems in the company (for example: bank accounts, cash and cash equivalents), from a series of personal failures,

from mistaking the company's wealth for the personal wealth, from the physical and psychological isolation of the person who commits the fraud, from the desire to improve their personal status by resorting to such actions, as well as from the relationships between employee and employer when the employees consider that they are not sufficiently remunerated in compensation to their effort.

Forensic Accounting and Financial Performance in Banks

Ofegbu et al. (2013), study corporate fraud in Nigeria using a two case study of Cadbury plc and the Nigeria stock exchange market, they use the acronym CRIME to represent the triangle and the factors that motivate fraud in Nigeria. The acronym stands for Cooks, Recipe, Incentive, and monitoring and end results. They concluded The vehicles used in achieving the frauds, however, differed significantly in both organizations reflecting the fact that one company was a non- profit making company while the other was profit making. The incentives also differed. In the case of monitoring, the absence of some monitoring institutions like the audit committee and internal audit marked out the non- profit firm from the profit- making firm. However, the effectiveness of the two institutions in the case of the profit making company was compromised.

Mukoro et al. (2001), they study the role of forensic accountant in fraud detection and national security. The study aims at exploring the relevance of forensic accounting in curbing crime and corruption in public sector. The objective of the research work was to explore the role forensic accounting can play in the fight against corruption via the application of investigative skills, in addition to provision of litigation support services, documentation, and reporting. The population used in the research was the Federal Inland Revenue Service (FIRS). The research design employed was the survey research. Data was major collected from primary sources. The hypothesis testing in this research work was done using regression analysis. The result of the empirical findings shows that forensic accountants are relevant in investigating crime and corruption in the public sector.

Forensic accountants play a role in litigation support services in the public sector and are relevant in documentation and reporting. It was observed that forensic accounting plays a significant role in curbing crime and corrupt practices in any public sector since it provides a mechanism to hold people accountable, such that those who manage resources in a fiduciary capacity do not easily abuse that trust without detection. The study recommended, among others, that: accounting professionals should always act proactively such that members are kept abreast of emerging technologies, especially in the area of forensic accounting; the legislature should see to it that the executive grants full autonomy to the agents of government that are charged with enforcing accountability; and that the office of the Auditor-General of the Federation, the Economic and Financial Crime Commission, Independent Corrupt Practices Commission, and Code of Conduct Bureau should be fully independent entities free to do their job without undue meddling and interference (Mukoro et al, 2001).

True and Fair view of the Audited Financial Statement and Forensic Accounting in Banks

The basic and fundamental duty of every financial manager is to maximize the shareholder's wealth and to increase firm's value which is possible when the firm's financial performance can be increased. The business world will always require

management to be creative in an effort to improve their performance; they should have the ability and be able to take advantage of any opportunity to improve company's performance. It is important to improve the company performance to create strategies, techniques and business tools are appropriate and suitable for the company.

Enyi (2009) submitted that all normal statutory audits should contain some elements of forensic enquiry as the evidence of fraudulent activities can be easily discovered if a thorough evaluation of the adequacy and compliance of the internal control mechanism is made. All these are aimed at fraud prevention and detection. But, this may not be achieved by an auditor without some understanding of forensic accounting methods (Efiog, 2012).

Research Method

The primary objective of the study is to investigate the role of forensic accounting and financial reporting in Nigeria Banks Using the sample size of one hundred and fifty (150) professional accountants and 10 Banks, drawn from the population of the professional Accountants and Banks in Edo State, data were elicited from our respondents with the aid of the research instrument adopted in this study. Using a five point Likert scale test, the questionnaire was developed to measure responses of respondents on five scales: *Strongly Agree (5)*, *Agree (4)*, *Undecided (3)*, *Disagree (2)* and *strongly Disagree (1)*. The values as generated through administration of questionnaire were subjected to empirical investigation.

Model Specification

The econometric model employed in this study is a multiple regression model. As stated earlier identify the relation between the dependence variable forensic accounting and our explanatory variables in this study which are: role of forensic accounting, financial performance, and relevance of the financial statement and true and fair view of the audited financial statement. The model set out in this study is neither adopted nor modified from any other study. The model as specified in this study was purposively developed for this study. Consequently, the model is express below in functional and empirical form:

$$ROFA = f(FP, RFS \text{ and } TFAFS)$$

$$ROFA = \beta_0 + \beta_1 FP + \beta_2 RFS + \beta_3 TFAFS + \varepsilon_i$$

Where:

ROFA = role of forensic accounting,

FP = financial performance,

RFS = relevance of the financial statement

TFAFS = true and fair view of the audited financial statement.

$\beta_0, \beta_1, \beta_2, \beta_3$, = coefficients

ε_i = error terms.

The appriori expectation of the model is $\beta_0 > 0; \beta_1 > 0; \beta_2 > 0; \beta_3 > 0$

The study used, a simple regression technique, ordinary least square (OLS) for data estimation and analysis. In the course of analysis, we conducted descriptive statistics, correlation analysis, pooled regression analysis and other diagnostic test. These were done with the aid of E view 7 econometrics software.

Data Analysis and Interpretation

In this section we perform the presentation and analysis of the data used for the empirical evaluation of the study. The analysis involves the use of both statistical and econometric

methods in order to provide a rich background for the investigation. The statistical tools employed are the descriptive statistics and correlation analysis. The descriptive statistics are used to provide the initial characterization of the data. The econometric analysis extends the statistical analysis with the goal of performing the empirical analysis and obtaining estimated coefficients which are valid enough to test the hypotheses in the study. A total of 150 questionnaires were administered and used for this research work. Only 142 questionnaires were returned and found usable, amounting to 97%. This shows a high return level. The econometric analysis extends the statistical analysis with the goal of performing the empirical analysis and obtaining estimated coefficients which are valid enough to test the hypotheses in the study.

Descriptive Statistics of variables

	ROFA	FP	RFS	TFAFS
Mean	14.9080	13.4367	13.988	13.839
Std. Dev.	1.74297	1.62610	1.7881	1.7841
Jarque-Bera	6.41984	8.48005	1.8486	2.9225
Probability	0.04036	0.01440	0.3968	0.2319
Observations	87	87	87	87

The above table gives the descriptive statistics of the understudied variables in terms of numbers. The mean values for the ROFA, FP, RS, and TFAFS are 14.9, 13.4, 13.9 and 13.8 respectively while their respective standard deviation values are 1.74, 1.62, 1.78, and 1.78. The smallness of the numeric size of the standard deviations indicates that the true values for the respective variables are not widely dispersed from the means. Also, the probability value of the Jarque Bera statistics of ROFA (0.04) and FP (0.01) show that the values of these variables are normally distributed. However, those of RFS (0.39) and TFAFS (0.23) reveal that values for RFS and TFAFS are not normally distributed.

Correlation Matrix

Correlation Matrix of variables

VARIABLES	ROFA	FP	RFS	TFAFS
ROFA	1			

FP	0.17023	1		
	1.59274	-----		
RFS	-	-	1	
	0.485348	0.034244	-----	
	-	-		
	5.11789*	0.315898		

TFAFS	9	0.12979	9	0.34514	-	0.135442	1
	2	1.20690	5*	3.39046	-	1.26033	-----

* significant at 5%

The correlation matrix above provides insight to the following. Firstly, the correlation coefficient (-0.48) and t-value (-5.11) of RFS/ROFA reveal that only this variable has a significantly-fairly strong negative relationship with ROFA. All others (FP and TFAFS) have a weak relationship with ROFA. Secondly, based on the correlation coefficient (0.34) and t-value (3.39) of FP/TFAPS, it is observed that TFAFS has a significantly- fairly weak positive relationship with RFE. Thus, TFAFS increases as RFE increases. Lastly, since the numeric strength of the correlation coefficient of all the variables observed is lower than .50, then we can fairly conclude that is absent multicollinearity

Regression Result: Estimation of variables

Variable	nt	Coefficie	Std.	z-Statistic	Prob.
FP		0.199251	0.12327	1.616327	0.1060
RFS		-0.533602	0.12624	-4.226695	0.0001
TFAPS		0.024248	0.11935	0.203155	0.8390
Pseudo R-squared		0.07612			
LR statistic		23.63001			
Prob(LR statistic)		0.00003			

The above table is an extract of the regression result as estimated using E views 7. The R-squared value of 0.07612 shows that the independent variables taken holistically accounts for about 7% of the systematic variations in the dependent variable. Thus, about 93 % of the systematic variations in the dependent variable are as a result of variables not captured by the model.

The LR statistics of 23.63001 and associated probability of 0.00003 reveals the extent of significance of the model specified for this study. Since the probability value of the LR statistics is less than 0.05, then, it is inferred that the model specified for this study is statistically significant at 5% significance level. Therefore, the model has a sound explanatory power.

Looking at the individual z-values and associated probabilities, it is worth mentioning that: firstly, the signs of the individual z-values show that only RFS (-4.226695) has a negative relationship with ROFA, FP (1.616327) and TFAFS (0.203155) had positive relationship with ROFA. Thus, ROFA increases as FP and TFAFS increases but decreases as RFS increases.

Secondly, FP, RFS and TFAFS have probability values of 0.1060, 0.0001, and 0.8390 respectively. Therefore, since only RFS has a probability value that is lower than

0.05, it is the only variable that has a significant impact on ROFA. All others (FP and TFAFS) have insignificant impacts on ROFA.

Test of Hypotheses and Discussion of Findings

To test the hypotheses raised in this study, the decision rule is to accept the null hypothesis (reject alternate) when the probability value of the Z- statistics is greater than 0.05 reject the null hypothesis (accept alternate) when the probability value of the Z- statistics is less than 0.05.

H₀₁: there is no significant relationship between forensic accounting and financial performance in Nigeria Banks.

Based on the absolute value of the Z- statistics and associated probability of 1.616327 and 0.1060 respectively, we conclude that FP has a positive and insignificant association with ROFA, but the relationship is significant at 10% level of significance. Thus, the null hypothesis is rejected. We can conclude that there is a significant relationship between the role of forensic accounting and financial performance in the Nigerian Banks.

H₀₂: forensic accounting does not significantly enhance the relevance of the financial statement in Nigeria Banks.

The Z- statistics and probability of -4.226695 and 0.0001 respectively is an indication of the negative but significant association between RFS and ROFA. Consequently, the null hypothesis is accepted. That is, there is an inverse relationship between these variables according to the findings of this study.

H₀₃: there is a significant relationship between forensic accounting and the true and fair view of the audited financial statement in Nigeria Banks

The third hypothesis that there is no significant impact on ROFA by TFAFS is rejected based on the positive value of the Z- statistics value and the probability value of 0.203155 and 0.8390 respectively.

Conclusion and Recommendations

In line with the broad objective of our study which is to investigate the determinants of segment disclosures in Nigeria, empirical analyses have been conducted and discussion on findings offered.

This study has attempted to identify the role of forensic accounting and financial reporting in Nigeria Banks. A regression analysis within the framework of ordinary least Square regression pertaining to 150 Questionnaires received from our sampled population of Banks and practicing accountants. The study has used the variables of FP financial performance, RFS relevance of the financial statement and TFAFS true and fair view of the audited financial statement on our dependent variable ROFA role of forensic accounting. We found that all the variables (FP and TFAFS) but relevance of financial statement (RFS) positive relationship with forensic accounting in the Nigerian Banks.

Forensic Accounting practices in Nigerian companies need further improvements, which was a major reason for the current study to ensure quality financial reporting. Compared with the statutory Audit using GAAP we saw improvements disclosure in the reporting quality of the selected Banks applying forensic skill in their financial statements. Continued use by Nigerian companies of the Audit function would have serious negative consequences on the overall reporting practices quality and attractiveness of Nigerian companies compared to other countries using forensic process.

In the aftermath of the current global economic meltdown, skyrocketing exchange rates and collapse of stock exchange market around the world there are increasing calls at the international level, for a paradigm shift in the international financial system towards a more transparent reporting regime.

Recommendations

Flowing from the findings of this study is the following recommendations are made:

1. Regulatory bodies (such as the Securities and Exchange Commission and the Financial Reporting Council of Nigeria) should issue sufficient guidelines for proper financial disclosure practices in company's financial statements.
2. Auditing firms that take independent audit assignment from firms listed on the Nigerian Stock Exchange should also make contributions at improving firms' corporate culture about reporting practices.
3. Corporate firms and regulatory bodies should engage in active dialogues and related activities to promote awareness by canvas sorted solution.

References

- Adeniji, A.A. (2004), Audit and investigation, EL TOD ventures Ltd, Lagos, Nigeria.
- Anaeto E. (1993), Distress Bungles Refund of Investor monies/Business Times Daily Times Plc Lagos, P.20.
- A.S. Eyisi , E.K. Agbaeze, 2014 The impact of forensic auditors in corporate governance International Journal of Development and Sustainability Vol. 3. 2 (2014): 404-417
- Baird, J.E. and R.C. Zelin, 2009. An Examination of the Impact of Obedience Pressure on Perceptions of Fraudulent Acts and the likelihood of Committing Occupational Fraud. J. Forensic Stud. Accounting Business, Winter, pp: 1-14.
- Beasley, M. S., & Jenkins, J. G. (2003), The Relation of Information Technology and Financial Statement Fraud. Journal of Forensic Accounting, 4, 217-232.
- Coenen, T.L. (2005). "Fraud in Government" Wiscons in Law Journal Article Posted by Casafamar Sundip, Retrieved May 25, 2011, <http://www.google.com>.
- Comer, M.T (2006). A Guide to Workplace Fraud and Criminal Behaviour Recognition. www.nao.gu.au (retrieved 7/9/2013).
- Cohen, L. Marion, L. and Morison, K. (2000) Research methods in education. 5th ed. London: Routledge Falmer.
- Cotton, M.P.(2000). Corporate Fraud Prevention, Detection and Investigation: A practical Guide of Dealing with Corporate Fraud, Australia: Price water house coopers.
- Cotton, D.L. (2003), fixing CPA ethics can be an inside job, Retrieved June 7, 2007, from: [Http://www.Washingtonpost.com/ac2/wpdyn/A50649-2002:6](http://www.Washingtonpost.com/ac2/wpdyn/A50649-2002:6)
- Cohen, L. Marion, L. and Morison, K. (2000) Research methods in education. 5th ed. London: Routledge Falmer.
- Crumbley, D. (2007), Editorial, Journal of Forensic Accounting R.T. Edwards, Inc. Philadelphia. Public Company Accounting Oversight Board, Sarbanes–Oxley Act of 2002, http://www.pcaobus.org/rules/Sarbanes_Oxley_Act_of_2002.pdf
- Curtis, G.E., (2008) Legal and regulatory environments and ethics: Essential components of fraud and forensic accounting curriculum. Issues Account.Educ., 23(4): 535-543.
- Crumbley, D. L (2003). Forensic and Investigative Accounting. CCH Publishing.

- Dahli, G. (2008). Forensic Accounting and Auditing: Compared and Contrasted to Traditional Accounting and Auditing. *American Journal of Business Education* 4th Quarter Vol. 1 No. 2
- Damilola, D. and J. Olofinsola, (2007): Forensic accountants and the litigation support engagement. *Niger. Account.*, 40(2): 49-52.
- EFCC (2004): Obstacles to Effective Prosecution of Corrupt Practices and Financial Crime Cases in Nigeria. Paper Presented at the 1st Stakeholders Summit on Corrupt Practices and Financial Crimes in Nigeria Organized by House of Representatives Committee on Anti-Corruption, National Ethics and Values at the International Conference Center, Trade Fare Complex, Kaduna, EFCC Publication.
- Efiong, E. 2012. Forensic Accounting Education: An Exploration of Level of Awareness in Developing Economies-Nigeria as A Case Study. *International Journal of Business and Management, CCSE Vol.7, No.4*, pp. 26-34.
- Enyi, Patrick Enyi, 2009 “Detecting Causes of Variances In Operational Outputs of Manufacturing Organizations: A Forensic Accounting Investigation Approach.
- Gallet, O. (2010). *Halte aux Fraudes. Guide pour Auditeurs et Dirigeants*, 2e édition, Dunod, Paris.
- Howard S. and Sheetz, M. (2006): *Forensic Accounting and Fraud Investigation for non- Experts*, New Jersey, John Wiley and Sons Inc.
- Goldface-Irokalibe, I. J. (1995). Eradication of banking Malpractice in Nigeria: Will law alone succeed? *CBN Economic and Financial Review*, 33(1).
- Gottschalk, P. (2011). Prevention of White-Collar Crime: The Role of Accounting. *Journal of Forensic and Investigative Accounting*, 3(1), 23-48.
- Gray D (2008) Forensic accounting and auditing: compared and contrasted to traditional accounting and auditing. In: ABR & TLC Conference Proceedings, 2008, USA. High-TechFraudPrevention http://www.journalofaccountancy.com/Issues/2008/Oct/High_Tec_Fraud_Prevention
- Ihiagarajah, F. (2008). Bank and Loans Orange Country. www.allbusiness.com (accessed 30th August, 2013)
- Ijeoma, N. B. (2014). *The Contribution of Fair Value Accounting on Corporate Financial Reporting in Nigeria. American Journal of Business, Economics and Management*, 2(1): 1-8.
- Izedonmi, F and Ibadin, P.O., 2012 Forensic Accounting and Financial Crimes: Adopting the inference Relevance And Logic Solution Approach *International Multidisciplinary Journal, Ethiopia Vol.6(4), No. 27(2012)*
- Izedomi, F. O. I. (2000). *Introduction to auditing* (1st Ed). Benin-City: Ambik Press, 226
- Joshi, M. S. (2003): “Definition of Forensic Accounting” www.forensicaccounting.com.
- Krstic, J. 2009 The Role of Forensic Accountants In Detecting Fraud In Financial Statements Vol. 6(3) 2009, 295-302
- Mukoro.D. , Yamusa.O. and Faboyede.S., 2013 The Role of Forensic Accountants in Fraud Detection and National Security in Nigeria: change and leadership.No 17-2013pp 90-106
- Onibudo, A.T. (2007), Bank Frauds Problems and Solutions. Unpublished B.Sc. Research Project, University of Benin, Nigeria.
- Owojori, A.A. and Asaolu, T.O. (2009), “The Role of forensic Accounting in solving the vexed problem of corporate world”, *European Journal of scientific Research*, Vol. 29 No. 2, 183-187.

- Rezaee (2010), “Forensic vidence gathering procedures for employee stock options”, Journal of forensic and Investigative Accounting, Vol. 2, pp. 1-20.
- Rumaswamy, V. (2005): corporate Government and the Forensic Accountant, CPA Journal, No. 10, Vol; 75, pp 63-68.
- Sheetz, M and Howard, S. (2006), forensic Accounting and fraud investigation for non Experts, New Jersey:John Wiley and sons, inc.
- Wallace, A. (1991) The Role of the Forensic Accountant. Retrieved on 20 th march from www.ssrn.com
- Zimbleman, M.F., Albrecht, C.C., Albrecht S.W. and Albrecht, C.O. (2012), Forensic Accounting, Cengage Learning, International Edition Canada, 4th Edition pg 429.
- Zysman, A. (2004). “Forensic Accounting Demystified”, World Investigators Network Standard Practice for Investigative and Forensic Accounting Engagements.