

FORENSIC ACCOUNTING TECHNIQUES AND FINANCIAL CRIMES IN THE PUBLIC SECTOR OF NIGERIA.

Judith Onyekachukwu Ndah-John (PhD)

Judith.john@topfaith.edu.ng,

Department of Accounting, Topfaith University Mkpatak, Akwa Ibom State

Abah-Marcus Olaladiza Princess (PhD)

Abah-marcusop@fuotuoke.edu.ng,

Department of Accounting, Federal University Otuoke P.M.B 126, Yenagoa, Bayelsa State, Nigeria

Erorogha Akpos Yikarebogha (PhD)

eyikarebogha@yahoo.com

Department of Accounting, Federal University Otuoke P.M.B 126, Yenagoa, Bayelsa State, Nigeria

Abstract

This study focused on the effect of forensic accounting techniques and financial crimes in the public sector of Nigeria. A conceptual framework research model was developed to envelope the seven specific objectives, research questions, and hypotheses. The simple random sampling technique was adopted and six (6) departments to obtain 350 respondents. A 5-point likert-scale questionnaire was administered to respondents, of which 334 copies of the questionnaire were returned useful, obtaining a 98 percent response rate. The study adopted descriptive statistics; Pearson's Product Moment Correlation to answer the research questions, simple regression was used to test the individual hypotheses, multiple regression was used to test the combined effect of the dependent variables and stepwise regression schemes was used to test the moderating effect of corporate culture on the relationship between forensic accounting techniques and financial crimes. To establish that components of forensic accounting, significantly effect on financial crimes through investigative accounting and litigation support service. Findings, the study divulged that, corporate culture moderates the effect of forensic accounting techniques and financial crimes. Therefore, the study concludes that, forensic accounting techniques significantly influence financial crime in the public sector and recommends amongst other that, the public sectors in Nigeria should integrate forensic accounting techniques that calls attention to investigative accounting and litigation support service to enable them attain sustainable financial crimes detection and handling.

Key Note: Forensic Accounting Techniques, Financial Crimes, Investigative Accounting, Litigation Supports, Payroll Fraud

Introduction

Corruption crept into the Nigerian system immediately after independence in 1960 and even if the magnitude was nothing compared to the level it has now assumed, it was still prevalent, particularly among the government officials and politicians (Akpan and Edikan, 2008). When the move against corruption eventually started in 2004 by the Economic and Financial Crimes Commission (EFCC), several arrests, prosecution and recovery of public properties have been made by the EFCC and yet corruption is still increasing rapidly. The biggest problem facing the fight against corruption in Nigeria is its political system, systemic disorder and plea-bargaining which inherently rewards corruption. Too often, corruption is a prerequisite for success in Nigeria's warped political process. The country's political establishment is all too ready to embrace convicted criminals (Aminu, 2007). These images of senior government officials embracing convicted criminals only served to reinforce the broader trend of impunity that these convictions were meant to push back against. That is, it smoldered the furnace of corruption. There were high hopes for the Economic and Financial Crimes Commission (EFCC) as Nigeria's most promising anti-graft agency to tackle corruption since the end of military rule. But its efforts have fallen short

because of political interference, lack of societal cooperation, poor staff training and inefficiency in the judiciary. In the analyses of all the cases that have been instituted by the EFCC, neither Ribadu nor Waziri can claim more than a handful of concrete successes. Akpan (2008), posits that most Nigerians are of the view that the fight against corruption is sometime selective, some believe that the security agents shield some people from arrest while others believe that some people can carry out corruption without being noticed. The Attorney General of the federation also stated that the fight against corruption is selective (This Day 2008). This is why people are of the view that the commission was established to fight opponents. In fact, the effectiveness of the Economic and Financial Crimes Commission (EFCC) in the Nigerian public sector has been affected by lack of societal cooperation, poor staff training, plea-bargaining and systemic disorder.

A financial crime is a severe problem of national concern. It is so endemic that it is becoming our national modus Vivendi and acceptable way of life in Nigerian public sector. It is alleged to be perpetrated by the presidential cabinets, the political office holders, the local government chairmen, the ward councilors, the commissioners, the governors. Nigerian customs officers, immigration officers, the Nigeria police officers and all government functionaries. Although financial and economic crimes are global phenomena, the preponderance of evidence of financial and economic crimes in Nigeria calls for serious sleepless night. To buttress this, Gbegi and Adebisi (2012), stated that there has been an increased concern about fraud in Nigeria and beyond. For instance, the oil subsidy probes in Nigeria which reveals that between 2007 and 2009, the Nigerian National Petroleum Corporation (NNPC) over-deducted funds in subsidy claim to the tune of N28.5 billion naira.

Ojaide (2000), concludes that there is an alarming increase in the number of fraud and fraudulent activities in Nigeria emphasizing the visibility of forensic accounting services. Modus and Anyaduba (2011), Okoye and Akamobi (2000), Owojori and Asaolu (2000), Izedonmi and Mgbame (2000) and Kasum (2009) have all acknowledged in their different works the alarming increase in financial crimes. More particularly, Kasum (2009) posits that the perpetration of financial irregularities are becoming the specially area of both public and private sectors in Nigeria as individuals perpetrate fraud and corrupt practices according to the capacity of their offices.

Literature reviewed indicate that forensic accounting has helped to uncover and reduce fraud in countries such as Great Britain, Canada, Germany and United States of America where it is in practical use in that case the researcher tends to replicate the same in Nigeria public sector (Gbegi & Adebisi, 2014). It is on this premise that this study is proposed to investigate forensic accounting techniques in order to establish whether such techniques could unveil financial crimes in the Nigerian public sector as well as minimize if not eradicate them. The financial crimes in the Nigerian public sector to be focused on by this study are Asset misappropriation, payroll fraud, money laundering. In light of the problems of financial crimes discussed above, this study examined forensic accounting techniques and financial crimes in Nigeria public sectors.

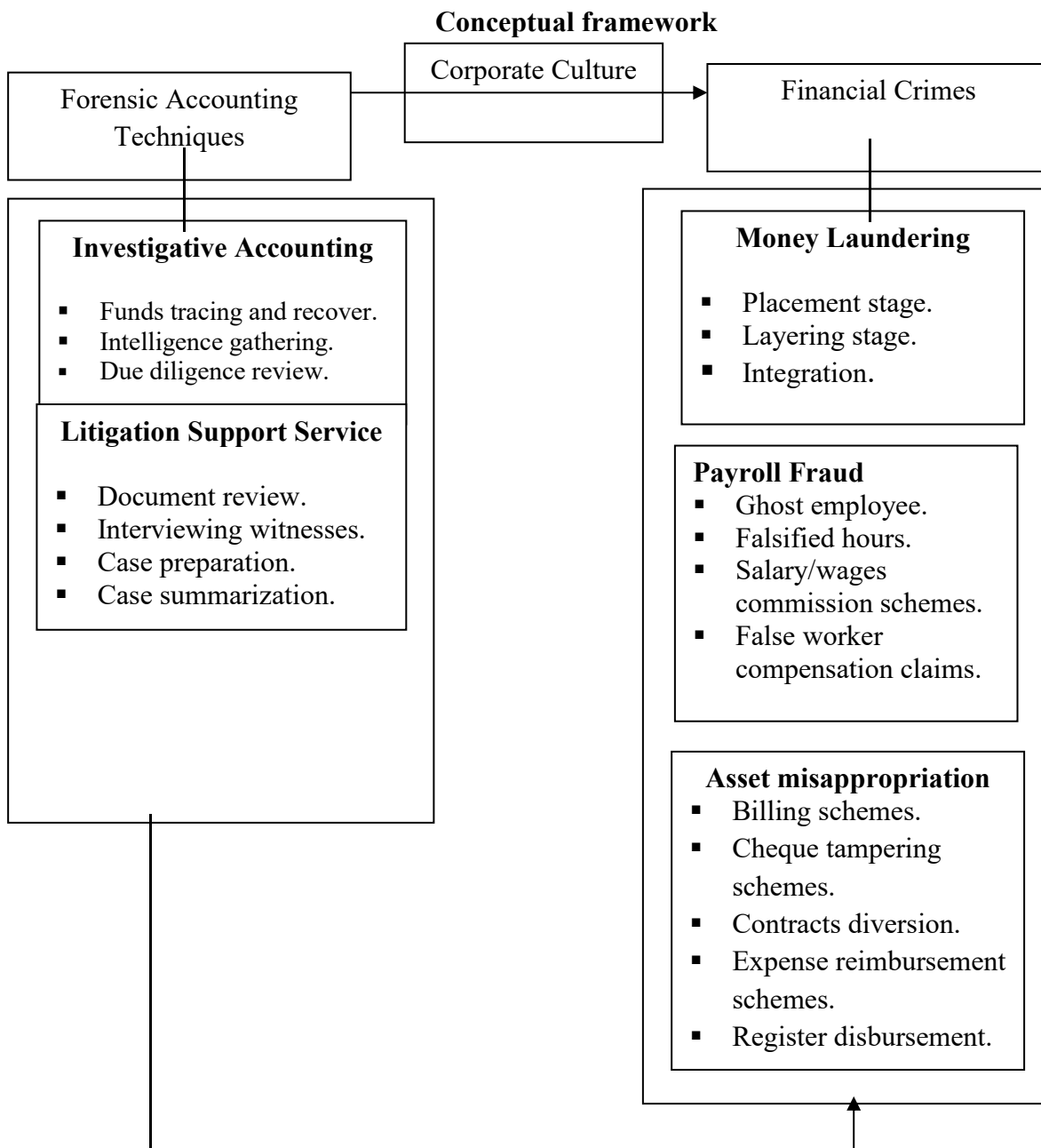


Figure 1.1: Source: Joseph U. Onowu 2022, John Ohaka 2021, MCclugard 2023.

Aim and objectives of the study

The aim of the study was to examine the effect of forensic accounting techniques and financial crimes in Nigeria public sector. The study specifically attended to the following objectives.

1. Examine the effect of investigative accounting on money laundering in the public sector of Nigeria,
2. Examine the effect of investigative accounting on payroll fraud in the public sector of Nigeria,
3. Examine the effect of investigative accounting on asset misappropriation in the public sector of Nigeria,

4. Examine the effect of litigation support services on money laundering in the public sector of Nigeria,
5. Examine the effect of litigation support service on payroll fraud in the public sector of Nigeria,
6. Examine the effect of litigation support service on asset misappropriation in the public sector of Nigeria,
7. Examine the moderating influence of corporate culture on the relationship between forensic accounting techniques and financial crimes.

Research questions

1. What is the effect of investigative accounting on money laundering in Nigeria public sector?
2. What is the effect of investigative accounting on payroll fraud in Nigeria public sector?
3. What is the effect of investigative accounting on asset misappropriation in Nigeria public sector?
4. What is the effect of litigation support service on money laundering in Nigeria public sector?
5. What is the effect of litigation support service on payroll fraud in Nigeria public sector?
6. What is the effect of litigation support service effect on asset misappropriation in Nigeria public sector?
7. How does corporate culture moderate the relationship between forensic accounting techniques and financial crimes?

Research hypotheses

- H₀₁:** There is no significant effect between investigative accounting and money laundering in Nigeria public sector
- H₀₂:** Investigative accounting does not significantly effect on payroll fraud in Nigeria public sector
- H₀₃:** Investigate accounting has no significant effect on asset misappropriation in Nigeria public sector?
- H₀₄:** There is no significant effect between litigation support service and money laundering in Nigeria public sector
- H₀₅:** litigation support service does not significantly effect on payroll fraud in Nigeria public sector
- H₀₆:** Litigation support service has no significant effect on asset misappropriation in Nigeria public sector
- H₀₇:** Corporate culture does not moderate the relationship between forensic accounting techniques and financial crime.

Review of Related Literature Conceptual Review

Forensic Accounting

There is no generally acceptable definition of forensic accounting. There may be so many definitions of forensic accounting as there are authors. But the Association of Certified Fraud Examiners (2010), defined forensic accounting as the use of skills in potential or real civil or criminal disputes, including generally accepted accounting and auditing principles in establishing losses of profit, income, property or damage, estimations of internal controls, frauds and others that involve inclusion of accounting expertise into the legal system. Hence, forensic accounting involves the application of accounting concepts, auditing techniques and investigative procedures in solving legal problems. Be that as it may, it should be noted here that the responsibility of preventing and detecting fraud in financial statements lies not only in the hands of management of an enterprise, but also other control institutions and mechanisms. System of internal control, internal auditing and audit committee are the key elements for prevention and detection of frauds

that are created through property misuse as well as those that use financial statements as instruments of frauds. But external auditing and forensic accounting perform retrospective control of financial data with the aim of detecting omissions, frauds and securing the reliability and credibility of financial statements.

Dimensions of the Predictor Variable

Concept of investigative accounting

Investigation assesses and reports on financial transactions related to allegations against individuals and companies in a variety of situations including arson, embezzlement, money laundering, investment scams, stock market manipulations and identity theft and also includes searching for irregularities associated with civil matters, such as a search for hidden assets in divorce cases, (Cable, 2009).

Forensic accounting in an investigative mode facilitates the review of a given situation and come up with possible course of actions and assists in the recovery of assets. Alarming sums of money are stolen from businesses each year by trusted employees. It is estimated that in 2008, at least \$6 billion was lost by businesses as a result of fraudulent activities. In fact, smaller companies suffer the majority of the losses. This is due to their lack of funds to implement preventive procedures in concert with a generally stronger trust and more personal relationship with employees. In order to prosecute those responsible for these crimes, there arose the need to understand the path leading to the fraud. Thus forensic accounting became heady to bridge the gap. As stated by Jacowski (2007), forensic accounting is a rapidly expanding field involving careful investigative work, in dept financial analysis and an understanding for legal system of any given country. Forensic accountants must therefore think on their feet and work side by side with law enforcement personnel in order to solve the puzzles surrounding fraud cases. In the United State of America, forensic accounting professionals are frequently required to testify in court as expert witnesses and provide key evidence leading to convictions Jacowski, (2007)

Concept of Litigation Support Service

Litigation support service assists the lawyers in investigating and assessing the integrity and a mounts relating to areas such as damages resulting from personal injuries, wrongful death, breach of contract, casualty, fidelity losses, lost profits due to business interruption, product liability, shareholder disputes, bankruptcies, marital disputes, investigative services related to fraud and other illegal acts. The los recovery process involves civil and criminal litigation, expert testimony and collecting insurance. Recovery can also be made by suing the fraudster (Harwood (2016).

Litigation is a term encompassing the use of court processes to resolve a dispute, in line with the rules in place in that jurisdiction. According to Harwood (2016), stages in litigation involves before litigation starts, preparing case and finally, trial and enforcement. Before litigation begins various forms of preliminary investigations takes place also, various forms of alternative dispute resolution (ADR) are encouraged to be examined. It is encouraged that parties consider alternative means of resolving the disputes first. The more conventional alternative dispute resolution (ADR) options include: Arbitration a confidential form of dispute resolution where one or more arbitrators decide a case rather than a court appointed judge. Mediation is a facilitated negotiation assisted by an independent third-party mediator appointed by the parties. An independent expert is appointed to resolve the matter by producing a legally binding decision (Harwood, 2016).

Criterion Variable

Financial crime

Financial crime seems to be the most popular issue discussed as a cause of underdevelopment in Nigeria today. Almost every section of the country is affected by corruption ranging from educational sector to the various organs of government. In the corporate world, many businesses

have collapsed due to mismanagement by the corrupt directors appointed to manage them. Corrupt practices are reported in the area of pensions' salaries and wages, in legislative process as well as other areas of government business. It undermines good government fundamentally development and particularly it hurts the poor. To combat the menace, many tribunals, probe panels and anti-corruption institution had been set up to reduce corruption, but it appears they lacked investigative skills that will ensure successful prosecution of persons accused of corrupt practices. There is therefore the need to adopt effective investigation technique that will assist the anticorruption institutions to successfully reduce corruption. Corruption is seen as the abuse of entrusted power for private gain (Golden, *et al.*, 2006). Corruption is the largest single inhibitor of equitable economic development in many countries of the world including Nigeria it is a form of behavior, which includes conflict of interest, embezzlement, fraud, bribery, political corruption and extortion, (Onakuse, 2004).

According to Mazunder (2011), the law enforcement personnel in recent years have become more aware of financial crimes, they however have lacked the training and expertise in combating such crimes, they are better trained at combating violent or personnel behavior crimes but now it has the responsibility to expand its knowledge and expertise into the economic crises area. Since many detectives do not have an accounting background, they often fail to use financial information to support their cases; forensic accounting technique is thereof seen as a viable tool in combating economic crime. Crumbley, Heiter and Smith (2009), opined that forensic accounting is the action of identifying, recording, settling, extracting, sorting, reporting and verifying past financial data or other accounting activities, for settling current or prospective legal disputes, or using such past financial data for projecting future financial data to settle legal disputes. It utilizes accounting, auditing and investigative skills when conducting any kind or investigation. Equally critical is the ability to respond immediately and to communicate financial information clearly and concisely in courtroom setting.

Measures of the criterion variable

Money laundering

You can trace the earliest story of the beginning of money laundering to Chinese merchants 2000 years ago who hid money they made from legitimate businesses from greedy kings. They did it successfully and invested their money in villages but because they failed to declare their wealth to the government, they committed the crime of not paying tax. When you hide your money and fail to pay tax you have committed a crime of money laundering. In addition, when criminals succeed in laundering ill-gotten wealth it would prove that crime pays which emboldens criminals to commit more crimes to bring in more money. In the recent times, money laundering began when criminals formed organized criminal groups in the late (1920's).

A notable leader of a gang Meyer Lansky started modern money laundering. He was able to launder proceeds from gambling from 1920 to 1932. He opened offshore bank accounts with a Swiss bank and later bought one in 1934 to keep all the proceeds gotten from criminal activities, when they passed the Swiss Bank Act of 1934 into law with the principle of Bank Secrecy. He later laundered these monies by granting loans to fellow criminals through his bank in a bid to legitimize the source of his wealth. However, the British Guardian Newspaper was the first to use the term "money laundering" while reporting the Watergate Scandal, to show how a company in Miami moved dirty money from United States to Mexico and back to US, for donation to the Committee handling the re-election bid of President Nixon.

Payroll fraud

Fraud has been a part of business and social life for thousands of years Skalak, *et al.* (2006) in their book "A Guide to Forensic Accounting Investigation" cited Hammurabi's Code of Laws dating back to approximately 1800 BCE, the problem of fraud is squarely faced 'If a herdsman to whose care cattle or sheep have been entrusted be guilty of fraud and make false returns of the natural increase, or sell them for money, then shall he be convicted and pay the owners ten times the

loss' the earliest law makers were also the earliest to recognize and combat fraud place, there remains a chance that in the United State, Skalak, *et al.* (2006) stated that fraud has been in existence since the colonies were settled. In 1616 in James Town, Virginia, Captain Samuel Argall allegedly 'fleeced investors in the Virginia Company of every chicken and dry good that wasn't nailed down'. Cited the book 'Stealing from America', Skalak, *et al.* (2006) stated that within two years of Argall's assumption of leadership in James Town, the 'whole estate of the public was gone and consumed... 'While he returned to England with a boat stuffed with looted goods, residents and investors in the company were left with only six goats. Furthermore, they stated that fraud permeated the American society such that during the American civil war, the legislature recognized the need for new laws to combat fraud.

Asset misappropriation

Wells (2005) divides asset misappropriation into two major categories; thefts of cash and theft of inventory and other assets. He subdivides thefts of cash into three subs groups; larceny (intentional taking away an employer's cash without the consent and against the will of the employer), skimming (the removal of cash from a victim prior to its entry in an accounting system), and fraudulent disbursements. Similarly, he divides the misappropriation of assets other than cash including inventory into two groups; misuse and larceny. ACFE (2010) defined asset misappropriation as any scheme that involves the theft or misuse of an organization's asset. Asset misappropriation involves stealing an asset of a company for personal use at the company's expense or misuse of a company's resources. Asset misappropriation is often accompanied by false or misleading records or documents to conceal the theft (Johnson & Rudesill, 2001; Wells, 2005, KPMG, 2006; Soltani, 2007; Lasko, 2009; Bayley & Eliff, 2009; ACFE, 2010). Thus, the definition of asset misappropriation is broader than simple theft as it also includes abuse of assets (Majid *et al.*, 2010). Asset misappropriation is usually perpetrated by employees in relatively small and immaterial amounts. However, it can also involve management, who are usually more able to disguise or conceal misappropriations in ways that are difficult to detect (Soltani, 2007; Elder *et al.*, 2010 & Jones, 2011). According to ACEF (2010, 2012), asset misappropriation is the most common form of fraud representing 90% of the financial crime cases investigated in their study. However, it was the least costly type of fraud, causing a median loss of \$135,000.

Moderating variable

Corporate culture

The history of criminology has been an attempt to identify the characteristics that distinguish criminals from non-criminals and then to find a theory that explains and predicts criminal behaviour. No general theory exists why there are crimes, and by extension, financial crimes. Fortunately however a body of information exists on criminal behaviour. While arguments are rife on the possibility of settled theory on the predictability of criminal behaviour, it has been submitted logically that financial crimes, just like any other criminal behaviour, is the inevitable outcome of the competitive ethic of capitalism. According to this theory, the world is constantly facing images of successes and wealth achieved through the recognition of the economic inequality of winners and losers. The urge to be winners remains the driving force and motivation to commit any crime-financial or otherwise (Wheeler, 1992).

According to Silverstone and Sheetz (2004), financial crimes are motivated by factors which include a corrupt corporate culture. According to them when a corrupt culture is lived and practiced every day at the workplace, this would constitute enormous pressure to financial crimes: a bad corporate cultural value leads to the inversion of good corporate values. Loyalty could slip to complicity; criminal behaviour to normal behaviour; team-playing to conspiracy Sutherland (1949) contends that the fear of dismissal or ostracism in losing the favour of superior could lead to

financial criminal behaviour. Moreover, this criminal behaviour could be exhibited in association with those who define such financial criminal behaviour and make it more favourable.

THEORETICAL REVIEW

Fraud Triangle

The fraud triangle theory was developed as an idea to investigate the cases of fraud by Donald Cressey a criminologist in 1950 and published in 1953. He started the study of fraud by arguing that there must be a reason behind everything people commit fraud led him to focus his research on what drives people to violate the trust. He interviewed 250 criminals in a period of five months whose behaviours met two criteria. Initially people are accepting responsibilities of trust in good faith, and; circumstances make them violate the trust. He related that three factors (Pressure, Opportunity and rationalization) must be present for an offense to take place. Cressey further states that following; trust violators, when they conceive of themselves as having a financial problem that is non-sharable and have knowledge or awareness that this problem can be their own conducted in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted person with their conception of themselves as users of the entrusted funds or property. (Cressey, 1953) cited in (Wells, 2011).

According to Wells (2005), pressure is what causes a person to commit fraud. Pressure can include almost anything including medical bills, expensive tastes, addiction problems, etc. Most of the time, pressure comes from a significant financial need/problem. Often this need/problem is non-sharable in the eyes of the fraudster. That is the person believes, for whatever reason, that their problem must be solve in secret. However, some frauds are committed simple out of greed alone. Perceived pressure refers to the factors that lead to unethical behaviours. Every fraud perpetrate faces some pressure to commit unethical behavior (Abdullah & Mansor, 2015); these pressure can either be financial of non-financial pressures. Albrecht et al., (2006) pointed out that, since the pressure to commit fraud may not be real, it is important to use the word perceived. It the perpetrators believe that they were pressurized, this belief could lead to fraud. Perceived pressure can exist in various ways, especially in non-sharable financial need. Financial pressure is recognized as the most common factor that lead an entity to engage in an evil action. Specifically, about 95 percent of all fraud cases have been perpetrated due to the fraudster's financial pressure (Albrecht et al., 2006). Lister (2007) states that pressure is a significant factor to commit fraud, He determines three types of pressure which are personal, employment stress, and external pressure. Vona (2008) further examines persona and corporate forces as motivations' proxies for fraud commitment. Examples of perceived pressure include greed, living beyond one's means, large expenses or personal debt, family financial problem or health, drug addiction and gambling. Pressure is the motivation to commit fraudulent acts or activities. The theorist claimed that this pressure could be linked to financial, non-financial, dogmatic and societal factors. Opportunity relates to the aptitude and power of an individual to identify weaknesses within a financial system and to take advantage of the system for fraudulent activities. Dogmatic and societal pressure arises where an individual senses or believes that they cannot face being unsuccessful, due to their status or standing. Rationalization refers to the justifications and explanations that individuals give why immoral conduct is different from illegal activity. If an individual cannot defend their fraudulent activities, then it is improbable that he or she will be involved in fraud. An example of a rationalization is the belief that fraud is acceptable because an employer is cheating the person of his or her salary, (Wells 2005).

Fraud triangle theory is related to this study because it shows how pressure, rationalization and opportunity explain the behavioural disposition of an individual towards committing fraud. Going with this theory, forensic accountants will be able to identify the root cause of fraud and detect the psychological attributes of fraudsters in the course of their investigation. This understanding

will help forensic accountants have a comprehensive forensic investigation while detecting fraud in an organization (Wells, 2005).

EMPIRICAL REVIEW

Extensive studies have been conducted in many countries into forensic accounting and financial crimes. Most of their findings revealed that forensic accounting is a new field necessary for preventing and detecting financial crimes through its investigative accounting and litigation support.

Adegbie and Fakile (2012), conducted an evaluation of forensic accounting as antidote to economic and financial crime in Nigeria. The paper was on empirical testing of Economic and Financial Crime in Nigeria: Forensic Accounting as Antidote. Questionnaires were administered to the sampled population. The statistical model applied was Chi-Square and Statistical package for social statistics (SPSS) was applied to compute the data. The results show that forensic Accounting is a financial strategy to curb and resolve economic and financial crimes in Nigerian economy. The alternate of the flour hypotheses were accepted. They recommend among others that the government of Nigeria should enact a law that will make forensic accounting a practice in Nigeria so that economic and financial crimes can become history. The similarity between their study and this is that both used primary data collection method, and application of forensic accounting in Nigeria. The study is however restricted also to financial crimes within the jurisdiction EFCC unlike this study that covers the entire public sector.

Izedonmi and Ibadin (2012), this study examines some basic and common financial crimes in corporate organizations, situating the focus on Nigeria, and by extension, the developing world. No doubt, financial crimes have affected individuals and corporate organizations negatively. Some instances of corporate scandals, occasioned by financial crimes, have put accounting professional bodies into a new perception and paradigm that go beyond statutory audit. This study discusses financial crimes and some basic and common financial crimes in corporate organizations. The review indicates that the motivations for financial crimes are built around some risk factors, which include the incentive (or pressure), opportunity and rationalization surrounding the financial criminals. This paper canvasses for the intervention of forensic accounting to solve the vexed problems of financial crimes with a further recommendation that the forensic accountant adopts the inference, relevance and logic solution approach (IRLS) in dealing with financial crimes in corporate organizations in Nigeria.

METHODOLOGY

Research design

The adopted quasi-experimental research design.

Population of the study

The targeted population of the study is three Federal Government Agencies: the senior staff of the Nigeria Police Force, EFCC and ICPC.

Sample size and sampling techniques

This study utilized purposive (Judgmental) sampling technique. The population of the study as noted is three government agencies (Nigeria Police Force, EFCC and ICPC). Since the population is small, the population of the study is also the sample size.

Instrument for data collection

This study has the questionnaire as the main data collection instrument for variables. In other words, one (1) instrument was used for primary data collection which was titled "Forensic Accounting and Financial Crime Questionnaire (FAFCQ)". The FAFCQ was a self-structured questionnaire item instrument that was used to measure the variables or dimensions of forensic accounting in the following sub-headings: (i) Investigative accounting and (ii) Litigation support services to measure the variables or proxies of Financial crime in the following sub-headings: (i) Money laundry (ii) Payroll fraud and (iii) Asset mismanagement.

The FAFCQ instrument was patterned based on a revised five-point Likert rating scale format. Furthermore, Part A consisted of three (3) questions that were meant to identify the participating firms; Part B elicited two (2) questions on forensic accounting dimensions (investigative accounting and litigation support service, to determine the extent firms are carrying out forensic accounting activities.

Administration of Instrument

This study has the questionnaire as the main data collection instrument for variables. The instrument was a self-structured 3questionnaire item instrument that was used to measure the variables or dimensions, and was patterned based on a revised five-point Likert rating scale format. The instrument was distributed personally by the researcher and research assistant within three months.

Method of data analysis

The study utilized simple and multiple regression through the aid of SPSS.

DATA PRESENTATION, ANALYSIS, RESULTS AND DISCUSSION

Data presentation

Data for this study were engendered through questionnaires administered and collected from sample of three federal government agencies in Nigeria. Data were collected through a 24 item questionnaire administered to the respondents. Subsequently, three hundred and fifty (350) copies of the questionnaire produced were distributed to the respondents. Table 4.1 shows the distribution and the collection pattern of the respondent’s questionnaire.

Distribution and retrieval of respondents’ questionnaire (n=334)

S/n	Characteristics of questionnaire	Available Quantity	Percentage%
1.	Total number of copies produced and distributed	350	100
2.	Copies returned (received)	342	98
3.	Copies not returned (not received)	8	2
4.	Copies returned (received)	342	100
5.	Usable copies	334	98
6.	Unusable (Discarded)	8	2
	Usable rate	$\frac{334}{342} \times \frac{100}{1}$	75.1

Source: Field work (2025).

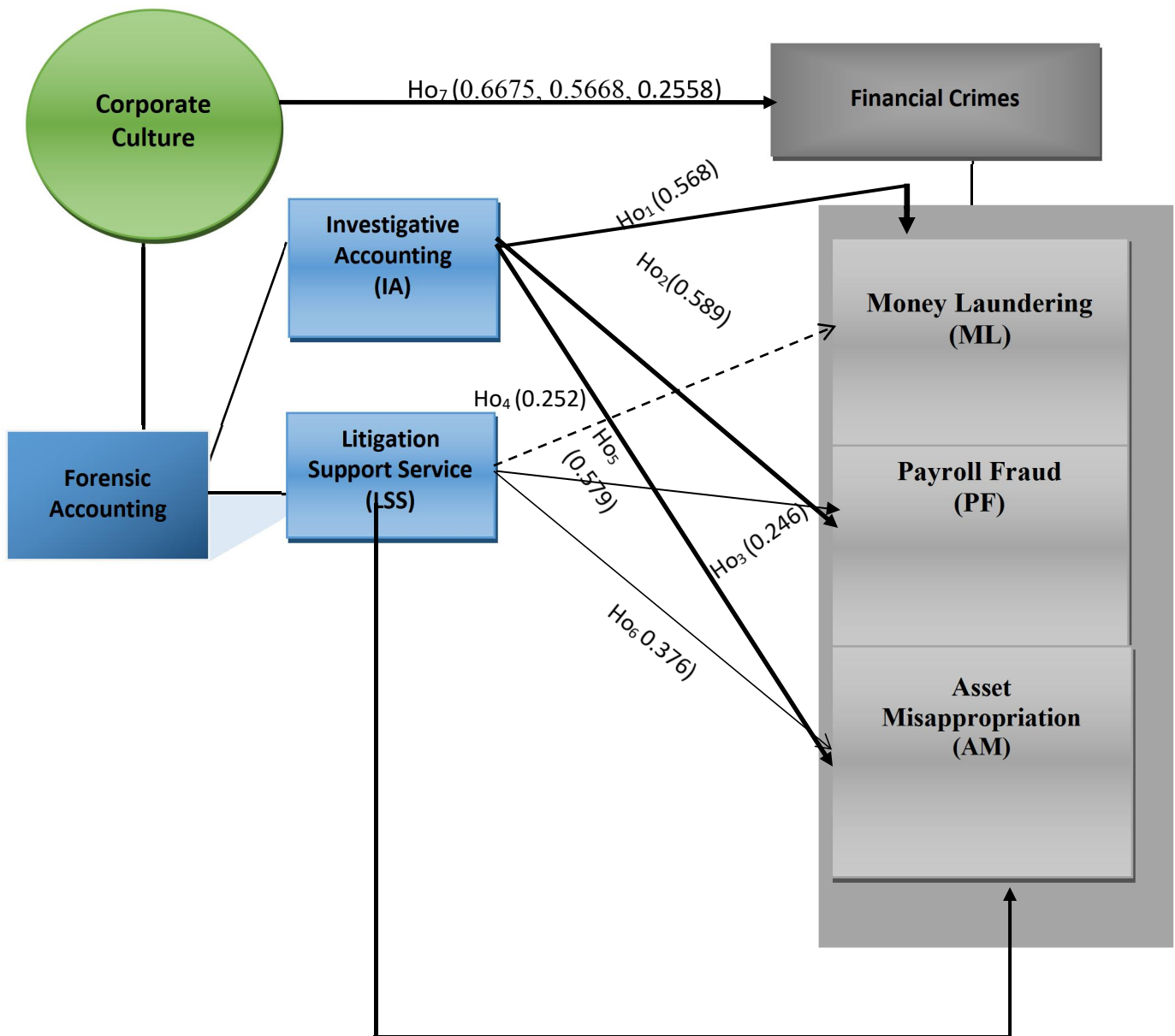
Summary of Findings

The findings above are summarized as follows:

1. There is a moderate, positive and significant effect of investigative accounting on money laundering, and this relationship is moderated by corporate culture.
2. There is a moderate, positive and significant effect of investigative accounting on payroll fraud in the public sectors of Nigeria
3. There is a moderate, positive and significant effect of investigative accounting on asset misappropriation in the public sector of Nigeria, and this relationship is moderated by corporate culture.
4. There is a weak but positive and significant effect of litigation support service on money laundering in the public sector of Nigeria, and this relationship is also moderated by corporate culture.
5. There is a weak but positive and significant effect of litigation support service on payroll fraud in the public sectors of Nigeria, and this relationship is also moderated by corporate culture.
6. There is a weak but positive and significant effect of litigation support service on asset misappropriation in the public sector of Nigeria, and this relationship is also moderated by corporate culture.

7. There is positive moderating effect of corporate culture on the relationship between forensic accounting and financial crimes in the public sector of Nigeria.

HEURISTIC MODEL



KEY:

→ Indicates moderate, positive and significant influences.

→ Indicates weak, positive and significant influences.

→ Indicates weak, positive and insignificant influence.

Figure 4.5 Heuristics Model of Forensic Accounting Techniques and Financial Crimes

Source: Designed by the Researcher, 2025.

Discussion of findings

Investigative accounting and money laundering

As an important dimension of forensic accounting, investigative accounting shows moderate, positive and significant relationship with money laundering in public sectors of Nigeria. This is evidenced by the results in table 4.20 with beta value of .568 and p value of 0.0000 leading us to reject the null hypothesis of no significant relationship between these two variables. Consistent with our expectation *a priori*, this finding suggests that investigative accounting that is corporate culture compliant can positively influence money laundering environment in gaining competitive advantage. This view, according to Olofinsola (2007), investigative accountant renders assistance of accounting and financial nature in a financial crime and related economic issue involving existing or pending cases. Thus, increasing purge of money laundering activities which directly results from investigative accounting reinforces the Police man theory. This finding agrees with the findings of Edheku *et al.* (2010) which revealed that accounting officers in the private and public sectors strongly agreed that forensic accounting has an impact on fraud detection.

Investigative accounting and payroll fraud

Our findings also suggest that investigative accounting positively and significantly influenced payroll fraud. This is evidenced by the results in table 4.21, particularly the associated value of the beta of .589 and p value of 0.0000 which is lesser 0.05, leading us not to reject the null of no significant relationship between these two variables. Theoretically, any strategy that decreases money laundering should also decrease payroll fraud, as payroll fraud is a positive function of money laundering. Thus, our *a priori* expectation is that investigative accounting has positive relationship with payroll fraud. This finding is also consistent with findings of Emeh and Obi (2013) which indicated that forensic accounting as a fraud detection tool has relevance efforts for combating financial fraud.

Investigative accounting and asset misappropriation

The results also show that investigative accounting has positive and significant influence on asset misappropriation. This is evidenced by the results in table 4.22. Specifically, the beta associated with investigative accounting is found to be positive and is associated with a probability that is very much lower than the standard levels of significance (beta = .579, p-value = 0.000), leading us to reject the null of no significant relationship between the two variables. One striking thing about this finding is that it totally agrees with our *a priori* expectation. We expected a positive and significant relationship between investigative accounting and asset mismanagement, given that when companies go for investigative accounting activities, they project their firms as corporate culture compliant, thereby enhancing an enabling environment for their operations and increasing watch on asset misappropriation. This finding agrees with Sunday *et al.* (2017) whose findings indicate that the perceived benefits and perceived risks of using forensic accounting services were largely significant at influencing organizations' intention to use forensic accounting in fraud detection and prevention in the Nigeria context.

Litigation support service and money laundering

The result in table 4.23 suggests litigation support service has positive and highly insignificant influence on money laundering. This is evidenced by the positive sign of beta (= .246) and the

very high p-value (= 0.1076) corresponding to litigation support service in that table, thus leading us to strongly accept the null hypothesis of no significant influence between the two variables. We expected *priori* that litigation support service should have a positive and significant influence on money laundering. This should have ultimately led to increase in money laundering detection. Thus, our finding does not support this view and implies that litigation support service decreased the effort on curbing of money laundering of the government agencies in our sample. This finding is not consistent with Daniel and Ezekiel (2017) whose findings revealed that forensic accounting evidence (documentary evidence, demonstrative evidence, physical evidence and oral evidence) has significance influence on litigation services.

Litigation support service and payroll fraud

The results in table 4.24 suggest that litigation support service has a weak, positive and significant influence on payroll fraud as evidenced by the beta sign (= .252) corresponding to litigation support service which is positive, with a p-value (= 0.0000) that is below all conventional levels. This leads us to reject the null hypothesis that litigation support service does not significantly influence payroll fraud. *Apriori*, we expected a positive and significant relationship between litigation support service and payroll fraud, given that litigation support service is a direct signal to indicate that the public sector have the wellbeing of the public at the heart of their organizations' operations. However, contrary to this position, our results point to the direction of those other factors that are equally of interest to publics which may be playing out in the market place. This result is not consistent with the findings of Dada (2020) whose results revealed that litigation support service had significant but negative effect (reduction) on financial crimes in the public sector of Nigeria.

Litigation support service and asset misappropriation

The results in table 4.25 suggest that litigation support service has weak, positive and significant impact on asset misappropriation as evidenced by the beta sign (= .376) corresponding to litigation support service which is positive, with a p-value (= 0.0000) that is below all conventional levels. This leads us to reject the null hypothesis that litigation support service does not significantly influence asset misappropriation. Like the case of payroll fraud, we expected *apriori* that the relationship between litigation support service and asset misappropriation is positive and significant. Also, in affirmation to this position, our results point to the direction that engaging in activities that are litigation support service friendly sustains businesses uniquely and usually focus them only on the economic objectives in the form of detachment from asset misappropriation. This result matches previous studies found in the literature such as Benjamin and Muhammed (2020) whose findings showed that fraud prevention, bribery prevention and embezzlement prevention all shows positive significant influence on public sector financial corruption mitigation.

Effect of corporate culture on the relationship between forensic accounting and financial crimes.

One of the research concerns seeks to determine the extent to which corporate culture, affects the relationship between forensic accounting and financial crimes. Our empirical results suggest that corporate culture plays a positive moderating role in the relationship between forensic accounting and financial crimes. This is evidenced by the result in table 4.25, 4.26 and 4.27, which indicates that both corporate culture and its interaction with forensic accounting dimensions are highly significant. The associated *p*-value of the t-statistic corresponding to the interaction term (FA*FC) is 0.0000 which is very much lower than 0.05. This implies that there is positive moderating effect of corporate culture on the relationship between forensic accounting and financial crimes in the public sector of Nigerian.

SUMMARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO SCHOLARSHIP

Summary of findings

This study focused on examining the effect of forensic accounting on financial crime in the public sectors of Nigeria. The reason being that public sectors which contributed to the economic growth and development of Nigeria have been witnessing intensification in financial crimes. To guide the study, a conceptual framework was developed showing the predictor and criterion variables with their dimensions and measures. In addition, specific objectives of the study were stated as well as research questions. Based on the research objectives and questions, null hypotheses were formulated. The intension is to highlight initiatives that can successfully drive public sectors in Nigeria in order to achieve ultimately sustainable down turn financial crimes.

The various concepts bordering on the key variables and their sub-variables were reviewed. Concepts reviewed include – forensic accounting and its dimensions as well as financial crimes and its measures. Also, studies found relevant to this current study were reviewed, which revealed that there is no known study that has been carried out on financial crimes by means of financial measures in the contemporary location where this study was accomplished. The research method adopted was survey, which has to do with experimental design to provide a numerical description of the effect of forensic accounting on financial crimes. The population of the study was made up of three government agencies in Nigeria.

A total of seven (7) hypotheses were tested using the simple regression method to ascertain the effect of predictor variable on the criterion variable, and the probability values varies on the level of significance. The stated null hypotheses were all rejected and the alternative hypotheses accepted while the hypotheses on the effect of litigation support service on money laundering was accepted, In effect, there is significant influence of the components of forensic accounting on financial crimes and corporate culture moderates the relationship between forensic accounting and financial crimes.

Conclusion(s)

This study assessed the effect of forensic accounting on financial crimes in the public sectors of Nigeria by means of a quantitative analysis, which makes obvious that in attendance are ample substantiations that the components of forensic accounting investigated by this existing study were optimistically connected with financial crimes, presenting a good judgment to assert that these branded variables (investigative accounting and litigation support service) have the latent to deactivate financial crimes, and their absence spells economic regression in the long run, thus weighing up financial crimes. The study therefore, concludes that, forensic accounting significantly impact financial crimes in the public sectors of Nigeria.

Investigative accounting on money laundering, payroll fraud and asset misappropriation

This study assessed the degree to which investigative accounting influences money laundering, payroll fraud and asset misappropriation of public sectors in Nigeria, and with the statistical result of ($R = .568$, $Pv = 0.0000$; $R = .589$, $Pv = 0.0000$ and $R = .579$, $Pv = 0.0000$) respectively, found that investigative accounting has moderate, positive and significant influence on money laundering, payroll fraud and asset misappropriation of public sectors in Nigeria. The study therefore, concludes that investigative accounting, as a dimension of forensic accounting significantly influences financial crimes through money laundering, payroll fraud and asset misappropriation in the public sectors of Nigeria.

Litigation support services on money laundering, payroll fraud and asset misappropriation

The study also assessed the degree to which litigation support service influences money laundering, payroll fraud and asset misappropriation of public sectors in Nigeria, and with the statistical result of ($R = .246$, $Pv = .1076$; $R = .252$, $Pv = 0.0000$ and $R = .376$, $Pv = 0.0000$) respectively. This revealed that litigation support service has a weak, positive and insignificant influence on money laundering and a weak, positive and significant influence on payroll fraud and asset misappropriation of public sector in Nigeria. The study therefore, concludes that litigation support service, a dimension of forensic accounting significantly influences financial crimes through payroll fraud and asset misappropriation, but insignificantly influences financial crimes through money laundering in the public sectors of Nigeria.

Moderating effect of Corporate Culture on the relationship between Forensic Accounting and Financial Crimes

Finally, the study's assessed the moderating effect of corporate culture on the relationship between forensic accounting and financial crimes in the public sectors of Nigeria. The statistical ($***.6675$, $***.5668$ and $***.2568$) on each of the metrics of financial crimes shows that corporate culture significantly moderates the relationship between forensic accounting and financial crimes in the public sectors of Nigeria. The study therefore, concludes that corporate culture significantly moderates the relationship between forensic accounting and financial crimes in the public sectors of Nigeria.

Recommendations

1. The public sectors in Nigeria should adopt investigative accounting as a means of handling financial crimes in their organizations.
2. The public sectors in Nigeria should make available and accessible, the components of forensic accounting branded by this study to tackle financial crimes, in view of the fact that the study unveiled a statistically association between them.
3. Besides, the study recommends that the public sector in Nigeria should adopt the operational framework of this study which has been urbanized and translated into matter-of-fact regulation for public sectors in Nigeria. This operational framework provides detailed boosters for creating the accomplishments of forensic accounting in predicting optimistically financial crimes.
4. In order to boost forensic accounting, the public sector in Nigeria should design forensic accounting furthering programs in terms of investigative accounting and litigation support services that are proficient in enhancing affirmative financial crimes detection and handling.
5. The public sector in Nigeria should scrutinize forensic accounting as a procedure that involves incessant modernization of investigative accounting and litigation support services and guarantee accessibility of public sector in order to enhance their competitiveness in this 21st century business milieu.
6. Management of the public sector should take a critical look on and enhance litigation support services to handle money laundering, payroll fraud and assets mismanagement of public sectors.
7. Corporate culture should be practiced to initiate outcomes that will stimulate successful forensic accounting practices that will deliver success results that will curb financial crimes in the public sectors of Nigeria.

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