

## **INVESTIGATIVE ACCOUNTING TECHNIQUES AND FINANCIAL CRIMES IN THE NIGERIAN PUBLIC SECTOR**

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### ***Abstract***

This study examines the effect of investigative accounting techniques on financial crimes in the Nigerian public sector. Specifically, the study investigates the influence of investigative accounting on money laundering, payroll fraud, and asset misappropriation. The study adopted a quasi-experimental research design, utilizing both primary and secondary data. Primary data were collected through structured questionnaires administered to 350 respondents drawn from three key government agencies the Nigeria Police Force, Economic and Financial Crimes Commission (EFCC), and Independent Corrupt Practices Commission (ICPC) out of which 334 valid responses were analyzed. Data were analyzed using descriptive and inferential statistics, including simple and multiple regression techniques. Findings reveal that investigative accounting has a moderate, positive, and statistically significant effect on money laundering ( $\beta = 0.568$ ,  $p < 0.05$ ), payroll fraud ( $\beta = 0.589$ ,  $p < 0.05$ ), and asset misappropriation ( $\beta = 0.579$ ,  $p < 0.05$ ) in the Nigerian public sector. The results further indicate that investigative accounting enhances fraud detection, improves transparency, and strengthens accountability mechanisms within public institutions. The study concludes that investigative accounting is an effective tool for combating financial crimes in Nigeria's public sector. It recommends the institutionalization of investigative accounting practices, improved training of personnel, and strengthening of legal and regulatory frameworks to enhance fraud detection and prevention. This study contributes to existing literature by providing empirical evidence on the relevance of investigative accounting in addressing financial crimes and promoting good governance in developing economies.

***Keywords: Investigative Accounting, Financial Crimes, Money Laundering, Payroll Fraud, And Asset Misappropriation.***

### **Introduction**

Financial crime has become a pervasive and multifaceted challenge confronting modern economies, particularly in developing countries like Nigeria. It encompasses a wide range of illicit activities including fraud, money laundering, embezzlement, payroll fraud, internet fraud, and financial malpractice such as unsecured lending and activities that contribute to institutional collapse (Economic and Financial Crime Commission, 2002). These crimes are largely non-violent but have far-reaching consequences, as they result in significant financial losses and undermine economic policies, governance structures, and institutional integrity (Kawugana & Faruna, 2019).

In Nigeria, the prevalence of financial crime has significantly weakened public confidence, discouraged foreign investment, and hindered sustainable economic growth. The persistent nature of corruption and financial malpractice has evolved from a relatively minor issue at independence into a deeply entrenched systemic problem affecting virtually all sectors of the economy (Ribadu, 2004). This has not only eroded fiduciary trust but has also contributed to widespread poverty, economic instability, and reputational damage at both national and international levels (Kawugana & Faruna, 2019).

Furthermore, financial crimes such as money laundering distort economic activities by promoting unfair competition, encouraging tax evasion, and weakening domestic industries through the influx of artificially cheap imported goods (Kiang, 2011; Arowosaiye, 2015). The situation is exacerbated by inefficiencies within the justice system, including delays in prosecution and weak enforcement

mechanisms, which often allow perpetrators to evade accountability (Ogundayisi, 2010). Additionally, the infiltration of illicit funds into the political system undermines democratic governance, weakens institutions, and fuels social and political instability (Otunsanya, 2012). Despite various legislative and institutional efforts, including the establishment of anti-corruption agencies and enactment of relevant laws, financial crime continues to pose a serious threat to Nigeria's socio-economic development. Its impact on government revenue, particularly through tax evasion, further constrains the ability of the state to provide essential public goods and services (Mohasoa, 2016; Anele, 2013). Against this backdrop, there is a critical need to examine the nature, causes, and implications of financial crime in Nigeria with a view to strengthening existing frameworks and promoting economic stability.

### **Statement of the Problem**

Corruption and financial crimes have remained persistent and deeply rooted challenges in Nigeria since independence in 1960. Although initially moderate in scale, corruption has grown significantly over time, becoming a widespread phenomenon particularly among government officials and political actors (Akpan & Edikan, 2008). Despite the establishment of the Economic and Financial Crimes Commission (EFCC) in 2004 and its efforts in arrests, prosecutions, and recovery of looted funds, corruption continues to rise, raising serious concerns about the effectiveness of existing anti-corruption mechanisms. One of the major problems undermining the fight against corruption in Nigeria is the nature of the political system, characterized by systemic disorder, political interference, and practices such as plea bargaining, which often reward rather than deter corrupt behavior (Aminu, 2007). The perception that anti-corruption efforts are selective and politically motivated further weakens public confidence, as some individuals are allegedly shielded from prosecution while others are targeted (Akpan, 2008; This Day, 2008). Additionally, institutional challenges such as inadequate staff training, weak judicial processes, and lack of societal cooperation have significantly limited the effectiveness of agencies like the EFCC.

Financial crimes have become so pervasive that they are increasingly viewed as a norm within the Nigerian public sector, cutting across various levels of government and public institutions. Evidence of large-scale financial irregularities, such as the oil subsidy fraud involving billions of naira, underscores the magnitude of the problem (Gbegi & Adebisi, 2012). Furthermore, several studies have documented a continuous rise in fraudulent activities and financial misconduct in both public and private sectors, highlighting the urgent need for more effective detection and prevention mechanisms (Ojaide, 2000; Kasum, 2009).

Despite the growing incidence of financial crimes, conventional auditing and control systems have proven inadequate in detecting and preventing such sophisticated fraudulent activities. While forensic accounting has been successfully applied in developed countries such as Great Britain, Canada, Germany, and the United States to uncover and reduce fraud, its application in Nigeria remains limited (Gbegi & Adebisi, 2014). This creates a significant gap in the Nigerian public sector's ability to effectively combat financial crimes. Therefore, the persistent increase in financial crimes, coupled with the inefficiency of existing anti-corruption strategies and limited application of forensic accounting techniques, necessitates a critical examination of how forensic accounting can be utilized to detect, prevent, and minimize financial crimes such as asset misappropriation, payroll fraud, and money laundering in Nigeria's public sector.

### **Aim and objectives of the study**

The aim of the study was to examine Investigative accounting techniques and financial crimes in the public sector of Nigeria. Specifically the study attended to the following objectives to:

- (i) Investigate the effect of investigative accounting on money laundering in the public sector of Nigeria,

- (ii) Ascertain the effect of investigative accounting on payroll fraud in the public sector of Nigeria,
- (iii) Ascertain the effect of investigative accounting on asset misappropriation in the public sector of Nigeria,

### **Research questions**

The following questions shall guide this research study.

- (i) How does investigative accounting effect on money laundering in the public sector of Nigeria?
- (ii) What is the effect of investigative accounting on payroll fraud in the public sector of Nigeria?
- (iii) What is the effect of investigative accounting on asset misappropriation in the Nigerian public sector?

### **Research hypotheses**

- H<sub>01</sub>:** There is no significant effect between investigative accounting and money laundering in the public sector of Nigeria?
- H<sub>02</sub>:** Investigative accounting does not significantly effect on payroll fraud in the public sector of Nigeria?
- H<sub>03</sub>:** Investigate accounting has no significant effect on asset misappropriation in the public sector of Nigeria?

## **Review of related literature**

### **Conceptual review**

#### **Predictor variable:**

#### **Investigative accounting technique**

Investigative accounting, though widely discussed in literature, does not have a single universally accepted definition, as different scholars and professional bodies have described it from varying perspectives. The Association of Certified Fraud Examiners (2010) defines forensic accounting as the application of specialized skills in situations involving actual or potential civil and criminal disputes. It encompasses the use of generally accepted accounting and auditing principles to determine losses related to profit, income, property, or damages, as well as the evaluation of internal controls and the investigation of fraud.

Judith O.N & Onowu J.U (2025) investigative accounting involves the integration of accounting knowledge, auditing techniques, and investigative procedures to address legal issues and uncover financial irregularities. It extends beyond traditional accounting by linking financial expertise with the legal system for the purpose of dispute resolution and fraud detection.

However, the responsibility for preventing and detecting fraud does not rest solely on forensic accountants. Management plays a primary role through the establishment of effective internal control systems, while mechanisms such as internal auditing and audit committees serve as key institutional frameworks for minimizing fraud, particularly those arising from asset misappropriation and financial statement manipulation.

### **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 of 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**

Clark, *et al.*, (2006) in their article in 'A Guide to Forensic Accounting Investigation' book state that money laundering is a process undertaken by or on behalf of criminals with object of hiding or disguising their criminal activities and the origin of their illicit proceeds. The FATF of the organization for Economic Cooperation and Development (OECD) defined money laundering as 'The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise the illegal origin. This process is of criminal importance, as it enables the criminal to enjoy these profits without jeopardizing their source'.

#### **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.

#### **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).

## **THEORETICAL REVIEW**

### **Theory of Fraud Diamond**

The Fraud Diamond Theory (FDT) was first presented by Wolf and Hermanson in the CPA Journal in December 2004. It is viewed as an expanded version of the FTT. In this theory, an element named capability has been added to the three initial fraud components of the FTT. Wolf and Hermanson (2004) argued that although perceived pressure might coexist with an opportunity and a rationalization, it is unlikely for fraud to take place unless the fourth element (that is capability) is also present in other words, the potential perpetrator must have the skills and ability to commit fraud.

Wolf and Hermanson (2004), believe that the fraud triangle as postulated by Cressey (1940) could be enhanced to improve both fraud prevention and detection by considering fourth element referred to as "Capability". They stated that in addition to address incentive, opportunity, and rationalization, the four-sided "fraud diamond" also considers an individual's capability such as personal traits and abilities that play a major role in whether fraud may actually occur even with the presence of the other three elements by Cressey.

### **Fraud diamond theory**

Wolf & Hermanson (2004) maintained that opportunity opens the doorway to fraud, and incentive (that is pressure and rationalization lead a person toward the door). However, capability enables the person to recognize the open doorway as an opportunity and to take advantage of it by walking through repeatedly. This is the situation of having the necessary traits or skills and abilities for the person to commit fraud. It is where the fraudster recognized the particular fraud opportunity and ability to turn it into reality. Position, intelligence, ego, coercion, deceit, and stress, are the supporting elements of capability. These four elements certainly overlap (Wolf & Hermanson, 2004); the primary contribution of the fraud diamond is that the capabilities to commit fraud are explicitly and separately considered in the assessment of fraud risk. By doing so, the fraud diamond moves beyond viewing fraud opportunity largely in terms of environmental or situational factors, as has been the practice under current and previous auditing standards, (Wolf & Hermanson 2004). Mackevicius and Giriunas (2013), not every person who possessed motivation, opportunities, and realization may commit fraud due to the lack of the capability to carry it out or to conceal it. Albrecht *et al.*, (1995), opine that this element is of particular importance when it concern a large scale or long-term fraud. Furthermore, Albrecht *et al.*, (1995) believe that only the person who has an extremely high capacity will be able to understand the existing internal control, to identify its weaknesses and to use them in planning the implementation of fraud. Similarly, Wilson (2004) discloses that rationalization and capability are all inter-related, and the strength of each element influences the others. The initial factor to enable the fraudster to have the capability to commit fraud is the function or position holding in an organization.

## **EMPIRICAL REVIEW**

Adegbe 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 study 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**

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.

### **Source of data**

Data to be used in this research involve primary and secondary data. Structured questionnaire would be used in order to obtain information. The primary data to be used for the completion of this project include structured questionnaire administered to the selected units in the three agencies of the Nigerian public sectors under study. A total of 350 copies of questionnaire were distributed to all the units of the three agencies or organs of the public sector. The questionnaire was structured using a five point likert scale of "strongly agreed", "agreed". Strongly disagreed", "disagreed" and not sure".

The secondary data will be obtained from textbooks, journals, published and unpublished projects, seminar papers, and internet. This would complement the data obtained from primary source and broad our mind about the research topic.

### **Instrument for data collection**

This study utilized questionnaire as the main data collection instrument for variables.

### **Method of data analysis**

This section addresses how data collected from the survey was managed. This research thesis used several dissimilar statistical tools and techniques to analyze the data collected.

### **Primary or descriptive statistics**

The study variables were reported as tables, pie charts, bar charts and graphs indicating frequencies, percentages, mean scores, standard deviations, variances etc, and by means of

Univariate statistics, the study described either the characteristics of a sample or the connection surrounded by variables (Rubin & Babbie, 2001).

### Secondary or Inferential Statistics

Inferential statistics used for the study tested the various hypotheses using the following:

**(i). Simple regressions:** -The simple regression method was employed to evaluate the influence of each forensic accounting" dimension on each sustainable competitive advantage metrics.

**(ii). Multiple regressions:** -The multiple regression method was employed to evaluate the combined effect of forensic accounting" dimension on the dependent variable. Besides, the multiple regressions were engaged to test the collinearity among independent variables in a regression coefficient, measuring variables at interval – or ratio-level dependent variable(s) (Hair *et al.*, 2000). Additionally, the study tested for multi-collinearity surrounded by the independent variable (X1) in their expounding or extrapolative influence. This was experimented in the simple correlation matrix and variance inflation factor.

**(ii) Stepwise regression method:** -Was used to test the hypothesis for the moderating variable- corporate culture on predictor (forensic accounting) and criterion variable (financial crime). The analysis was executed with the aid of the statistical package for social sciences (SPSS) version 22.0).

## DATA PRESENTATION, ANALYSIS, RESULTS AND DISCUSSION

### Data presentation

**Table 4.1: 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           |
|     | <b>Usable rate</b>                              | $\frac{334}{342} \times \frac{100}{1}$ | <b>75.1</b> |

### Source: Field work (2025).

Table 4.1 shows the analysis of the distribution and collection pattern of respondent's questionnaire concerning forensic accounting and financial crimes of three federal government agencies. It is divided into three sections. Of the 350 copies of questionnaire that were distributed to the respondents, 342 copies were returned, yielding a response rate of 98 percent. The remaining 8 copies produced and distributed were not returned and were unaccounted for. However, the return rate of 98% is well thought-out as high and excellent making an allowance for a minimum return rate of 70% as suggested by (Kothari 2011).

Moreover, of the 342 copies of the questionnaire returned, the usable copies numbered 334 leading to a response rate of 98%. However, 2% (8 copies) was not used due to wrong filling, missing and curtailed information in the demographic profile. The returned and usable rate is once more well thought-out as satisfactory for the analysis (Kothari, 2011). In the third part, rate of usage as measured confirmation, has shown that 332 returned and usable copies represent 98% of the total copies of the questionnaire produced and distributed. Hence, these 334 copies were used for the analysis.

## Descriptive Statistics

### Investigative accounting as a dimension

Table 4.6 shows the analysis and interpretation of frequencies on items of investigative accounting as a dimension.

**Table 4.2: Investigative Accounting as a Dimension of Forensic Accounting (n=334)**

| S/N | Items  | Frequencies / Percentages |          |          |          |           |
|-----|--|---------------------------|----------|----------|----------|-----------|
|     |  | SD<br>(1)                 | D<br>(2) | N<br>(3) | A<br>(4) | SA<br>(5) |
| 1   | We are involved in funds tracing and recovery. | 4                         | 5        | 11       | 60       | 120       |
|     |  | 2%                        | 2.5%     | 5.5%     | 30%      | 60%       |
|     |  | 4                         | 10       | 33       | 240      | 600       |
| 2   | We carry out intelligence gathering.           | -                         | 2        | 55       | 68       | 75        |
|     |  | -                         | 1%       | 27.5%    | 34%      | 37.5%     |
|     |  | -                         | 2        | 165      | 272      | 375       |
| 3   | We implement due diligence review.             | 4                         | 8        | 31       | 55       | 102       |
|     |  | 2%                        | 4%       | 15.5%    | 27.5%    | 51%       |
|     |  | 4                         | 16       | 93       | 220      | 510       |

Source: Research data, 2025

Table 4.2 shows frequencies on investigative accounting as a dimension as presented for the public sector studied. We are involved in funds tracing and recovery, gave 4 (2%) as strongly disagree 5(2.5%) disagree, 11(5.5%) as neutral, 60 (30%) as agree and 120 (60) as strongly agree. We carry out intelligence gathering, strongly disagree presented no response, disagree has 2 (1%), neutral 55 (27.5%), agree 66 (33%) and strongly agree 75 (37.5%). The item on we implement due diligence review, reported that strongly disagree gave 4 (2%), while the remaining results were 8(4%) for disagree, 31 (5.5%), for neutral, 55 (27.1%) for agree and 102 (51%) for strongly agree. This implies that forensic accounting feature seriously in the public sector of Nigeria.

### Money laundering as a measure of financial crimes

Table 4.3 shows the analysis and interpretation of frequencies on items of money laundering as a measure of financial crime

**Table 4.7: Money laundering as a measure of Financial Crimes (n=334)**

| S/N | Items  | Frequencies / Percentages |          |          |          |           |
|-----|--|---------------------------|----------|----------|----------|-----------|
|     |  | SD<br>(1)                 | D<br>(2) | N<br>(3) | A<br>(4) | SA<br>(5) |
| 1   | This involves the possessing of criminal proceeds to disguise their legal origin.  | -                         | -        | 61       | 41       | 99        |
|     |  | -                         | -        | 30.5%    | 20%      | 49.5%     |
|     |  | -                         | -        | 183      | 160      | 495       |
| 2   | It involves the concealment of the source, nature, exchange, location of money and/or property obtained illegally or from criminal activities. | 4                         | 8        | 55       | 31       | 102       |
|     |  | 2%                        | 4%       | 27.5%    | 15.5%    | 5%        |
|     |  | 4                         | 16       | 220      | 93       | 510       |
| 4   |  | -                         | 35       | 12       | 58       | 120       |

|  |   |           |    |     |     |
|--|---|-----------|----|-----|-----|
| Money laundering implies washing dirty money to try to cover its origin. | - | 17.5<br>% | 6% | 30% | 60% |
|  | - | 70        | 36 | 240 | 600 |

**Source:** Research data, 2025.

Table 4.3 shows frequencies of money laundry as a measure of financial crimes for public sector studied. This involves the possessing of criminal proceeds to disguise their legal origin, recorded no response for strongly disagree and disagree, 61 (30.5%) as neutral, 41 (20%) as agree, and 99 (49.5%) as strongly agree. It involves the concealment of the source, nature, exchange, location of money and/or property obtained illegally or from criminal activities presented 4(2%) for strongly disagree, 8 (4%) for disagree 55 (27.5%), for neutral, 31(15.5%) for agree and 102(51%) strongly agree. The item on Money laundering implies washing dirty money to try to cover its origin, gave no response for strongly disagree, 35(17.5%) for agree, 12(6%), for neutral, 58 (30%) for agree and 120 (60%) for strongly agree. This implies that money laundry is very disastrous activity in the public sector of Nigeria,

#### **Pay Roll fraud as a dependent variable**

Table 4.8 shows the analysis and interpretation of frequencies on items of payroll fraud as an independent variable.

**Table 4.4: Pay Roll Fraud as a Dependent Variable (n=334)**

| S/N | Items                            | Frequencies / Percentages |          |          |          |           |
|-----|----------------------------------|---------------------------|----------|----------|----------|-----------|
|     |                                  | SD<br>(1)                 | D<br>(2) | N<br>(3) | A<br>(4) | SA<br>(5) |
| 1   | Ghost employee.                  | -                         | -        | 61       | 40       | 99        |
|     |                                  | -                         | -        | 30.5%    | 20%      | 49.5%     |
|     |                                  | -                         | -        | 33       | 160      | 495       |
| 2   | Falsified hours.                 | 4                         | 8        | 31       | 55       | 102       |
|     |                                  | 2%                        | 4%       | 15.5%    | 27.5%    | 51%       |
|     |                                  | 4                         | 16       | 93       | 220      | 510       |
| 4   | Salary/wages commission schemes. | 10                        | 7        | 31       | 64       | 88        |
|     |                                  | 5%                        | 3.5%     | 15.5%    | 32%      | 44%       |
|     |                                  | 10                        | 14       | 93       | 256      | 440       |

**Source:** Research data, 2025.

Table 4.4 shows frequencies of payroll fraud as an independent variable as presented for public sector studied. Ghost employee recorded no response for strongly disagree and disagree, 61 (30.5%) as neutral, 40 (20%) as agree, and 99 (49.5%) as strongly agree. On falsified hours, strongly disagree presented 4(2%), for disagree 8 (4%), neutral, 31 (15.5%), for agree, 55 (27.5%) and 102 (51%) for strongly disagree. The item that concerns Salary/wages commission schemes; for agree, 102 (51%) for strongly agree. This implies that payroll fraud need to be investigated for a profound forensic accounting activity to capture planned and delivered sustainable for public sector.

**Asset misappropriation as a dependent**

Table 4.5 shows the analysis and interpretation of frequencies on items of asset misappropriation resolution as an independent variable.

**Table 4.5: Asset misappropriation as an dependent variable (n=334)**

| S/N | Items  | Frequencies / Percentages |          |          |          |           |
|-----|--|---------------------------|----------|----------|----------|-----------|
|     |  | SD<br>(1)                 | D<br>(2) | N<br>(3) | A<br>(4) | SA<br>(5) |
| 1   | Billing schemes and cheque tampering schemes.                    | -                         | 14       | 33       | 58       | 95        |
|     |  | -                         | 7%       | 16.5%    | 29%      | 47.5%     |
|     |  | -                         | 28       | 99       | 232      | 475       |
| 2   | Contracts diversion.   | -                         | 2        | 55       | 68       | 75        |
|     |  | -                         | 11%      | 27.5%    | 34%      | 37.5%     |
|     |  | 4                         | 4        | 165      | 272      | 375       |
| 3   | Expense reimbursement schemes and register disbursement schemes. | -                         | -        | 40       | 61       | 99        |
|     |  | -                         | -        | 20%      | 30.5%    | 49.5%     |
|     |  | -                         | -        | 120      | 244      | 495       |

**Source:** Research data, 2025.

Table 4.9 shows frequencies of asset misappropriation as a dependent variable for public sector agencies studied. Billing schemes and cheque tampering schemes recorded no response, for very strongly disagree, 14 (7%) as disagree, 33 (16.5%) as neutral, 58 (29%) as agree, and 95 (47.5%) as strongly agree. On contracts diversion, strongly disagree presented 2 (1%) for disagree 55 (27.5%), for neutral, 68 (34%) for agree and 75 (37.5%) for strongly agree. The item on expense reimbursement schemes and register disbursement schemes, gave no response for strongly disagree and disagree, 40 (20%), neutral, 61 (30.5%) for agree and 99 (49.5%) for strongly agree. This implies that increased asset misappropriation is invaluable in better sustainable business activities in the public sector agencies.

**Summary of Findings**

The findings above are summarized as follows:

1. There is a moderate, positive and significant impact of investigative accounting on money laundering, and this relationship is moderated by corporate culture.
2. There is a moderate, positive and significant impact of investigative accounting on payroll fraud in the public sectors of Nigeria
3. There is a moderate, positive and significant impact of investigative accounting on asset misappropriation in the public sector of Nigeria, and this relationship is moderated by corporate culture.

**Discussion of findings**

In the previous section, all the relationships of interest were estimated, all stated hypotheses were tested, and the findings were summarized. In this section, we explain these findings in detail and relate them to both theoretical and empirical literature.

**1. Impact of 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.

### **2. Impact of 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.

### **3. Impact of 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.

## **SUMMARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO SCHOLARSHIP**

### **Summary of findings**

This study focused on evaluating investigative accounting and 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.

The various concepts bordering on the key variables and their sub-variables were reviewed. Concepts reviewed include – investigative accounting as a dimension 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 (3) 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.

### **Conclusion(s)**

This study assessed the degree to which investigative accounting affects 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 technique) 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, investigative accounting significantly influence 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.

### **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.

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