

The Relevance of Forensic Accounting in Curbing Financial Crimes and Corruption in Developing Countries such as Nigeria: An Empirical Analysis

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ABSTRACT--- *This study is aimed at examining the persistent widespread of corporate failures and economic crimes resulting from audit failure and the emergence of creative accounting. This has resulted in loss of jobs and slow economic growth and development in developing countries such as Nigeria. It is against this background that this article discusses the concept, the need and the role of forensic accounting in solving the problem of economic crimes and corruption in a developing economy like Nigeria. Empirical and descriptive research methods were adopted in the collection and analysis of data. Findings revealed that the application of forensic accounting is still at a very low level due to high cost of forensic accounting equipment and the time and resources required in training the forensic accountant. The paper concludes that there is need to employ the services of forensic accountants in order to reduce economic crimes and corruption so as to enhance economic growth and development in developing economies.*

Keywords--- Forensic Accounting, Corruption, Fraud, Investigation, Crime

1. INTRODUCTION

A series of events in the last two decades have placed accounting practices on the front burner for both the international community and international financial institutions. The accountant's work is to traditionally serve public interest which means the collective well-being of the community of people and institutions (Sheetz, 2006). The auditors' certification is very special and significant, it invests credence in financial statement; it holds them out as valid for use for a variety of decisions, which should supposedly advance user's interest. A breach of any of the fundamental ethical principles of competence and integrity therefore has far reaching consequences. For instance, it corrupts and pollutes the accounting numbers, so that they become of doubtful value (Joshi, 2008; Coenen, 2008). This was clearly manifested in a number of widely publicized cases of fraud or corporate scandals namely; Enron, Worldcom, Xerox, Global Crossing, Tyco in the United States of America (USA); Parmalat in Italy and in Nigeria, Union Dicon Salt, Lever Brothers now UniLever, Cadbury and the sacking of the management and board of five banks by the Central Bank of Nigeria (CBN) due to fraud and financial abuses, (Owojori and Asaolu 2009; Kapmag 2008). In Nigeria, corruption, money laundering and mismanagement of resources and other related crimes have assumed alarming proportions and has become order of the day both in the public and private sectors of the economy (Balarebe, 2009; Williams, 2010).

The spates of corporate failure have placed greater responsibilities on forensic accountants to equip themselves with the skills to identify and act upon indicators of poor corporate governance, mismanagement, frauds and other wrong doings. It has become imperative for professional forensic accountants to be grounded in the techniques for identifying, discovering as well as preserving the evidence of all forms of financial abuses. Though accounting practices has improved tremendously, but recent electronic frauds have become complex and sophisticated to a magnitude that they could go unrecognized (Haynes, 2009). This requires finding ways to overcome the new challenges to match the capacity of financial crime level. The failure of statutory audit to detect, prevent and reduce misappropriation of corporate fraud and the increase in corporate crime has put pressure on the professional forensic accountants and the legal practitioners to find a better way of exposing fraud in business world. This article therefore examined the concept and the need for forensic accounting; the effect of economic crime and corruption on the economy; the skills and methods of uncovering fraud and indicators of financial crime. It also highlights the challenges facing the forensic accountant, makes policy recommendation and draws conclusion.

2. LITERATURE REVIEW

2.1 The Concept of Forensic Accounting

Forensic accounting is different from the old debit and credit accounting as it provides an accounting analysis that is suitable to the organization in resolving any dispute that may arise in such firms. Okoye (2006:34) defines accounting “as the process of identifying, measuring and communicating economic information to permit informed judgment and decision by the users of the information”. More so, Oladipupo (2005) opined that financial investigation is an examination of the record and accounts of an organization for a special purpose. The integration of accounting, auditing and investigation yield the specialty known as forensic accounting. Forensic accounting is focused, therefore, upon both the evidence of economic transactions and reporting as contained within an accounting system, and the legal framework which allows such evidence to be suitable for the purpose of establishing accountability and/or valuation (Okolo, 2007). Simply put, forensic accounting is accounting that is suitable for legal review, offering the highest level of assurance, and including the now generally accepted connotation of having been arrived at in a scientific fashion (Crumbly, 2006). Forensic accounting remains the most challenging and sophisticated area in the financial sector. Although, the profession does not possess a formal definition, Razaee, Crumley and Elmore (2006) defined forensic and investigative accounting as “the application of financial skills and an investigative mentality to unresolved issues, conducted within the context of the rules of evidence.” Forensic accounting in the view of Sheetz (2006) is simply the use of accounting discipline to help determine issues of facts in business litigation. Manning (2010) also defined forensic accounting as the application of financial accounting and investigative skills to a standard acceptable by the courts to address issues in disputes in the context of civil and criminal litigation. In the view Dimilola and Olofinsola (2007) forensic accounting is the application of accounting methods, investigative activities and law procedures to detect and investigate financial crimes and related economic misdeeds. However, Zysman (2006) sees forensic investigation as the utilization of specialized investigative skills in carrying out an inquiry conducted in such a manner that the outcome will have application to the court of law. As a discipline, forensic accounting encompasses financial expertise, fraud knowledge and a strong understanding of business reality and the working of the legal system. Its development can be achieved usually through on-the-job training and experience with investigating officers and legal counsel (Coenen, 2008; Tijani, 2006).

Forensic accounting utilizes accounting, auditing and investigative skills while conducting an investigation. They often analyze, interpret, summarize and present information in a complex manner which is understandable and well documented. Also, they are often involved in various activities such as investigating and analyzing financial evidence, developing computerized system, exhibiting documents and presenting the evidence obtained, (Uche, 2009; Balarebe, 2009). Zysman (2006) sees forensic accounting as the integration of accounting, auditing and investigative skills. It provides an accounting analysis that is suitable to the court, which will form the basis of discussion, debate and ultimately dispute resolution. This means that forensic accounting is a field of specialization that has to do with provision of information that is meant to be used as evidence especially for legal purposes. The forensic accountants are trained to look beyond the numbers and deal with business reality of the situation (Coenen, 2008; Zysman, 2010). The court evidence indicates that a high level of expertise is necessary to analyze current complicated financial transactions and events (Razaee et al, 2006). This means that a forensic investigation may be applied in various fields such as accounting engineering, medicine, and some other disciplines (Owojori and Asaolu, 2009).

Forensic accountants thrive on detecting fraud and criminal transactions in banks, corporate entities, public sector or from any other organisation’s financial records. In other words, forensic accounting is all about the thrill of the hunting and discovering of inaccuracies. However, forensic accountants can be distinguished from external auditors by the assumption that auditors look at the numbers while forensic accountants look behind them (Balarebe 2009; Kasum, 2009). Forensic accounting should be sufficiently thorough and complete so that it can report its finding as to accounts, inventories or the presentation thereof that is of such quality that it would be sustainable in legal proceeding, or within some judicial or administrative review (Grazoli, Janals and Johnson, 2006; Williams 2010; Oladipupo, 2005).

3. AREAS OF FORENSIC ACCOUNTING

Forensic accounting encompasses both litigation support and investigative accounting. Litigation support provides assistance of all nature in a matter involving existing or pending litigation. It deals primarily with issues related with the quantification of economic damages, while investigative accounting is associated with the investigation of criminal matters (Zysman, 2006; Owojori and Asaolu, 2009). Under litigation support, forensic accountant assists in; obtaining document necessary to support or refute a claim and reviewing of the relevant documentation to form an initial assessment of the case in an identified area of loss, attendance at the examination for discovery or to review the testimony, assists with understanding the financial issues to formulate additional question to be asked, review factual situation and provides suggestion regarding possible course(s) of action, assists with protection and recovering of assets

under criminal investigation, which are usually on behalf of the police with the aim of presenting evidence in a professional and concise manner.

While the investigative support include; shareholders and partnership dispute that involve analysis of numerous year financial record for valuation and qualification of the issue in dispute, personal injury claim, where for example economic losses from motor accidents or wrongful dismissal may need to be quantified, business interruption and other type of insurance claim, these assignment involve a detailed review of policy to investigate coverage issues and the appropriate methods of calculating the loss, business employee fraud investigation which can involve fraud tracing, asset identification and recovery, intelligence gathering and due diligence review, professional negligence, to ascertain the breach and quantify the loss involve and mediation and arbitration, as a form of alternative dispute resolution.

3.1 Need for Forensic Accounting

Several instances of corporate scandals and failure in the recent past have put the professional accounting bodies into a new perception that goes beyond the traditional statutory audit. There is need to respond to this changing criminal threat and the skills of non traditional investigators like the accountant and legal experts are needed to combat the corporate ill, this has increased the quest for the services of the forensic accountant (Uche, 2009; Mojeed, 2007). According to newly launched KPMG’s fraud barometer, more than \$100 million worth of fraud has been passing through the courts every six months since January 2008 in the United States of America (USA), (Bolgna and Linqvist, 2010; Rumaswamy, 2009). According to Okolo (2007) financial crimes has become really pervasive and the likelihood of corporate fraud occurring has also become more severe. Kapmag (2008) posited that fraud and abuses cost business in the United States more than \$84 billion dollars annually and an average organization loses six percent of its total revenue to fraud and abuse committed by its own employees. The Senate Committee Chairman on Public Service Aloysius Etok described the pension fund fraud of N273.9 billion as “syndicated and institutionalized fraud and embezzlement in the management of pension fund in the country” (Aderibigbe, 2013). Also the World Bank ex vice president Oby Ezekwesili observed that an estimated \$400 billion U S dollars of Nigeria’s oil revenue was stolen or misspent since independence in 1960 (The Citizen, 2014). The immediate past governor of Central Bank of Nigeria (CBN) Lamido Sanusi stated that 3380 cases of fraud involving N17.97billion was reported in 2012 while 2352 cases involving N28.40 billion was reported in 2011 in Nigerian banks (CBN, 2013). Crumbley (2009) noted that no matter how optimistic we aim to be about the future, the recession has given birth to more criminalists than ever with many more frauds yet to be discovered. In his words, “just like termites, fraud never sleeps; just like termites, fraud can destroy the foundation of a business”. Thus, as long as there are corrupt corporations, crime syndicates and terrorists bouncing money amongst us, there will be no shortage of demand for forensic accountants (See table 1 for cases of reported fraud in Nigeria between 2005-2013). Table 1 shows some reported cases of financial crimes in Nigeria.

Table 1 Some Reported Cases of Fraud in Nigeria between 2005 - 2013

Name of Accused	Unit	Nature of Crime	Amount Involved
Tony Anenih	Former Minister of Work	Payment for Contract not Executed	N525 million
Rosemary Usifo	First City Monument Bank	Fraud	N30 million
Francis Atuche	Former MD Bank PHB	Fraud	N125 billion
Charles Ojo	Former MD Spring Bank	Fraud	
Olu Ogunbanbo	Oil Subsidy	Fraud	N979.6 million
Sinatu Ojikutu	Former Deputy Governor Lagos State	Fraud	N130 million
Okechukwu Chukwulozie	Former NAICOM Boss	Fraud	N10.4 million
Jonah Jang	Governor of Plateau State	Misappropriation of SURE-P Fund	N5 billion
Akingbola Erasmus	Former MD Defunct Intercontinental Bank	Fraud	N47.1 billion
Nigerian Embassy in the United States	Sale of Properties	Misappropriation of proceeds	\$27 million
Stella Oduah	Former Minister of Aviation	Unauthorised Purchase of Armored cars	N225 million
Diezani Allison-Madueke	Minister of Petroleum	Chartered Aircrafts	N10 billion
Jimoh Enesi	Former Chairman Adari L G, Kogi State	Money Laundering	N7.3 million

Danjuma Goje	Former Governor of Gombe State	Diversion of government refund	N5.7 billion
	National Poverty Eradication Programme (NAPEP)	Fraud	N12.2 billion
Albert Nude, Danlandin Garba, Nasir Shehin	Sterling Bank	Fraud	N146.7 million
Atiku Abubarkar Kigo, Uzoma Cyril	Police Pension Fund	Fraud	N33.2 billion
Cecilia Ibru	Former MD Oceanic Bank	Fraud	N191 billion
Danasebe Ibrahim	Union Bank	Fraud	N2.05 billion
Sule Lamido	Governor of Jigawa State	Money Laundering	N10.4 billion

Source: www.thecitizenng.com/financial crime (2014). Table Drawn by the Author (Okolie)

The rate at which public office holders in developing economies perpetrate financial malpractice is dangerously alarming. Leaders of third world nations especially, embezzles public fund not minding whatever consequences their activities may have on the citizens of the country and their image in the international community when their nefarious acts become known to the world (Adefila, Kasum and Olaniyi, 2006).

Within the last forty years, table 2 below shows some of the high profile embezzlement of leaders of developing countries.

Table 2 Leaders of Developing Countries and Amount Embezzled during their Tenure in Office

Head of Government	Period of Reign	Estimate of Funds Allegedly Embezzled
Mohammed Surharto	President of Indonesia 1967-1998	US\$ 15 to 35 billion
Ferdinand Marcos	President of Philippines 1972-1986	US\$ 5 to 10 billion
Mobutu Sese Seko	President of Zaire (Congo DR) 1965 – 1997	US\$ 5 billion
Sanni Abacha	President of Nigeria 1993-1998	US\$ 2 billion
Siobodan milosevic	President of Serbia Yugoslavia 1989-2000	US\$1 billion
Jean-Claude Duvalier	President of Haiti 1971-1986	US\$ 300 to 800 million
Alberto Fujimori	President of Peru, 1990-2000	US\$ 600 million
Pavlo Lazarenko	Prime Minister of Ukraine, 1996-1997	US\$ 114 to 200 million
Arnoldo Aleman	President of Nicaragua, 1997-2002	US\$ 100 million
Joseph Estrada	President of Philippines 1998-2001	US\$ 78 to 80 million

Source: Transparency International (2008)

Experts in the field pointed out that with the intense economic pressure and with more companies facing bankruptcy, many jobs are at risk and employees who feel pressured to maintain the status quo are forced to engage in corrupt practice (Damilola and Olinfinsola, 2007). Whatever the reason may be, more and more forensic accountants have been called upon to meticulously search through documents, discover new information, and help in putting together the irregular pieces of company's financial puzzle to solve the vexing problems of embezzlement, corruption, fraud and mismanagement. Sophisticated accounting techniques are therefore necessary to detect, trace and resolve it, especially, when the result may impact negatively on the financial statement (Owojori and Asaolu, 2009; Mojeed, 2007; Tijani, 2006).

According to Okunbor and Obaretin (2010) the following are the important reasons for the growth of forensic accounting; internal audit and audit committee as a part of the management function could not throw light on the

different facts and other hidden aspects of corporate fraud, rotation of the statutory audit touches only part of the problem, as the method of appointing the statutory auditors brooks collusion and lobbying. The certificates of the auditors are hardly scrutinized carefully especially when the reports are unclean and qualified and the internal auditor may detect what happened, but they are hardly in a position to initiate proper action. The role of a forensic accountant as highlighted by (Aderibigbe, 2010; Mojeed, 2007) include; giving preliminary advice on amount of damage based on an initial interview of the pleading, and the evidence available at the start of proceedings, identifying the key documents which should be made available as evidence in court and preparing a detailed balance report written in a language readily understood by a non accountant. Other roles include; dealing with all issues irrespective of whether they are favourable to the client or not, reviewing expert accounting reports submitted by the other side, together with the report from other experts on both side and advising lawyer on the implications of these reports, advising lawyer during the trials, particularly in relations to the cross examination of the other side's report and giving oral evidence at the trial if there is no act of court settlement.

3.2 Effects of Fraud and Corruption in the Economy

Fraud and corruption is so endemic that it is gradually becoming a normal way of life in Nigeria and other developing countries. Financial irregularities are so common that almost every individual cannot wash his or her hand clean of it (Oladipupo, 2005). From public officeholders to the managing directors of companies, individuals perpetrate fraud and corrupt practice according to the capacity of their office. Although financial irregularities affect both private and public sectors, the magnitude of public office fraud, together with the extent to which citizens are affected calls for much concern. The increase in financial crimes is making it difficult for Nigeria to meet her welfare and social responsibility to the citizenry. Uche (2009) asserts that high levels of financial abuses are hindering tax collection, making the enforcement of law difficult and discouraging foreign investment. Corruption and fraud have been responsible for Nigeria's comatose economy, capital flight, unemployment, insecurity, high level of poverty, stunted economic growth and development and a whole lot of other social vices in the country (Aderibigbe, 2010). Fraud and corruption are among the greatest obstacle to Nigeria's progress, development and advancement. Corruption and fraud also represents a significant additional cost of doing business in many developing countries. They undermine development by distorting the rule of law and weakening the institutional foundation upon which economic growth and development depends (Damilola and Olinfinsola 2007).

The synopsis of all efforts at eradicating and eliminating corrupting from Nigeria clearly indicate that all such efforts have been met with vigorous resistance by the corrupt and very powerful segment of the Nigerian population. The falsities and frauds which are now being uncovered are responsible for the lack of capacity utilization in the Nigerian economy. And only recently, the Manufacturers Association of Nigeria (MAN) complained publicly, about how Nigerian banks are not helping matters of spurring economic development and progress through the infusion of needed resources into action production base of the economy (Aderibigbe, 2013; Nwachukwu and Maduka, 2012).

3.3 Methodology

3.3.1 Research Approach

The study seeks to find solutions to the problems of corporate failures, economic crimes and corruption in developing economies like Nigeria. This study was conducted through the application of both the empirical and descriptive research methods. Empirical research is an activity that is based on observation, reasoning and logical analysis (Onwumere, 2009). Descriptive method aim mainly at collecting information that reveals the characteristics or features of an existing phenomenon. At times descriptive method is concerned with how and what is or what exists, and how this influences or affects the present condition or event (Cohen and Manion, 1980).

3.3.2 Research Design

The collection of data was done in such a way to cover the major developing economies with emphasis on data relating to Nigeria, (see tables 1 and 2). This is to ensure the validity of the conclusion drawn.

3.3.3 Data Collection Method

Secondary data collection method was used in collecting for the study. The secondary sources include journals, internet, textbooks and newspapers. The descriptive data analysis method was applied in the analysis of the data gathered, interpretation was made and conclusion was drawn.

4. THE SKILLS NEEDED BY FORENSIC ACCOUNTANT

Arising from the need for the forensic accountant is the quality and skills required for the performance of his duties. A forensic accountant requires a high level of competence, probity, integrity and honesty to perform his job. Oladipupo (2005) is of the opinion that forensic accountant must be fully trained and must prove his competence by passing all relevant examination to become a member of a recognized accounting body. Patience and analytical mindset are absolutely essential, as forensic accountants need to question seemingly benign documents and look for inconsistencies. They should be proactive, sceptical in examining the books, making no assumption of management integrity, (Tijani, 2006; Manning, 2010). The forensic accountant must also have an "investigative mindset", requires a sceptical attitude in the identification, pursuit, analysis and evaluation of information relevant to each engagement,

believing that it may be biased, false and/or incomplete, (Aderibigbe, 2010; Kasum, 2009). To be a professional forensic accountant, one needs to develop a sense of absolute discretion and be open minded to consider all alternatives, scrutinize the fine details and at the same time see the bigger picture. In the view of (Oladipupo, 2005; Damilola and Olinfinsola, 2007), the professional accounting skills required by the forensic accountant include but not limited to the following;

An understanding of how business activity is documented, recorded, reported, managed and controlled; the ability to identify, obtain, examine and evaluate relevant information; the ability to quantify the financial impact of actual or expected transactions or events; the ability to perform and interpret relevant analyses of information; the ability to document and explain business information and the results of the financial analyses for decision-making purposes and the ability to render relevant and appropriate opinions and conclusions based on the findings and results of the work performed. They went ahead to add that investigative skills required by the forensic accountant include the following; an understanding of the context within which the engagement is to be conducted; the ability to identify, obtain, examine and assess information relevant to the engagement; the ability to analyze and compare various types and sources of information; an understanding of the types of information that would assist in establishing motive, intent and bias, an understanding of the ways in which information could be fabricated or concealed; an understanding that information collected and the work performed, including the work and information of others, may become subject of disclosure and be tendered as evidence and the ability to document and present investigative findings and conclusions for decision making purposes.

Furthermore, Sheetz and Howard (2006) listed the minimum requirement that a forensic accountant must possess to include: an ability to review a large volume of documentation ranging from the more usual accounting records and management information system to memos, correspondence and other less obvious financial data to extract the key issues quickly. A sound understanding of peculiarity of various business methods, a sense of urgency and commitment which will ensure prompt response when required and adherence to strict time table even when need arises to work for more hours to meet targeted time. An ability to communicate complex theoretical ideas in a manner which is readily understandable by the layman, supporting facts and figures when necessary without giving an impression of superiority and most essentially, an ability to appear objective and professional without taking part in the inherent partisan process of a court.

Grazoli et al (2006); Kasum (2009) are of the view that the forensic accountant should possess the following qualities to enable him perform his functions efficiently; be a good interviewer, this is required to obtain relevant information; have the ability to review and identify relevant documents; be able to reconstruct financial transactions through information obtained from third parties; know the legal implication of evidence obtained; know how to maintain chain of custody over documents when gathering and preserving accounting evidence; have the ability to observe behaviour especially during interviews; have the ability to use computer forensic tools that could be both software and hardware in gathering evidence and also analyzing evidence gathered. Ability to inspect documents for authenticity, alterations, forgery or counterfeiting and ability to design fraud scenarios, thinking like the fraudster to determine occasions when internal control could be circumvented or where the control are not enforced and therefore, taken advantage of by the employee.

However, Crumbley (2006) summarized the skills required by the forensic accountant in the following way; “The characteristics of forensic accountant are like a three-layer wedding cake. The larger bottom layer is a solid background in accounting. A smaller second layer is a deep background in investigative auditing. The smaller top layer is knowledge of certain legal concepts. The icing on the cake is to be proficient in written and oral communication. Of course, throughout the cake there is the need for a deep knowledge of computer techniques and interviewing skills”.

5. THE CONCEPT OF FRAUD AND CORRUPTION

Williams (2010); Khan (2005) defined corrupt practice as any immoral, illegal and unethical act and include to cheat, lie, defraud and so on. Corruption is also seen as the misuse of entrusted power for private benefit. Forms of corruption include bribes, cronyism and nepotism, political donations, kickbacks and artificial pricing and fraud of all kinds. Fraud also has been classified into three to include asset misappropriation, corruption and fraudulent statements. They involve theft or misuse of asset, improper use of influence in a transaction for own benefit and falsification of financial statements (Rumaswany, 2009). The following are the types of fraud that can easily be perpetrated in companies and ministries. Credit card fraud, consumer fraud, kickbacks, bid rigging, inflated invoices, inventory theft, theft of cash, cheque fraud, ghost employees, computer related fraud, financial statement fraud, cyber theft, hacking into unauthorised source of information, Automated Teller Machine (ATM) theft, asset revenue misstatement, concealed liabilities and expenses, improper revenue recognition, inadequate disclosures, inside trading, diversion of sales, false invoices and phantom vendors, loan fraud, theft of intellectual property, payroll fraud and so on. The forensic accountant’s knowledge and understanding of abnormal situations and manner of treating transactions will assist him to identify frauds easily (Uche, 2009; Oladipupo, 2005).

5.1 Conditions Favourable to Corrupt Practice

Oladipupo (2005); Khan (2005) identified the following as conditions that makes the perpetration of corrupt practices easy or possible, as this will assist the forensic accountant to intensify his effort and to carry out a detail job where these conditions exist. In other words, such situations increase the probability of fraud being committed. Such situations include; concentration of power in decision makers who are not directly accountable to the people as often seen in non-democratic regimes, lack of government transparency in decision-making, costly political campaigns, large amount of public capital in a project, self interested close cliques, weak legal profession, poorly paid government officials, apathetic, uninterested or gullible populace that fail to give adequate attention to political processes, absent of adequate control to prevent bribery, lack of adequate segregation of duties and so on. Organizations have identified collusion between employees and third parties as the most significant factor contributing to fraud in most developing countries including Nigeria (Aderibigbe, 2010; Uche, 2009).

5.2 Indicators of Financial Crime

Okolo, (2007); Okunbor and Obaretin, (2010) and Tijani (2006) identified two indicators of financial crime in an organization as the red flag of employee behaviour and the red flag of organizational behaviour.

5.2.1 Red Flags of Employee Behaviour

The indicators under the employee behaviour include the following;

Overworking – financial criminals are sophisticated and know that typical suspects of misdeeds in organisations are likely to be those who miss work a lot, ask for sick leave, go home early, and so forth. Hence the financial criminal tends to work long and hard, staying after hours, volunteering for extra duties, or in short, attempting to appear as a superstar in the organization. This is called protective behaviour pattern, it will afford them the opportunity of knowing about virtually everything happening in the organization.

Overpersonalised business matters – a financial criminal will become extremely upset over little things that touch or threaten their scam or fraud, and this may be something as minor as a change in office location, or something like another employee dealing with a vendor that they think they should be the only one dealing with the vendor. They do not also have kind words to say about top management (calling them corrupt) because (a) they want to be perceived as a powerbroker or dealmaker and (b) they plan to claim, if caught, that the kind of thing they did was nothing compared to what goes on at the top.

Anti-social loner personality – the criminal may or may not have this personality to begin with, but criminologists say that something about the unshareable aspects of financial crime may cause the persons to become loner. Their constant griping about management and the workplace also tends to result in a perception that are antisocial. Their relationships with co-workers can be characterized as cold and impersonal since all that they are inquisitive about is how co-workers do their job so they can learn about any system controls that are in place throughout the organization.

Inappropriate lifestyle change – few financial criminals can resist the urge to spend some of their ill-gotten loot, and the lifestyle, assets, travel, or offshore bank accounts will just not add up to the salary they are making. They are driven by more money, and to boast and brag about knowing such opportunities.

5.2.2 Red Flags of Organisational Behaviour

Under the organizational behaviour, the indicators include the following;

Unrealistic performance compensation packages – the organization will rely almost exclusively, and to the detriment of employee retention, on executive pay systems linked to the organization's profit margins or share price performance

Inadequate Board oversight – there is no real involvement by the board of directors, board appointments are honorariums for the most part, and conflicts of interests as well as nepotism are overlooked.

Unprofitable offshore operations – foreign operation facilities that should be closed down are kept functioning because this may be where top management fraudsters have used bribes to secure a “safe haven” in the event of need for swift exit.

Poor segregation of duties – the organization does not have sufficient controls on who has budget authority, who can place requisitions, or who can take customer orders, and who settles or reconciles these things when the expenses, invoices, or receipts come in.

Poor computer security – the organization does not seem to care about computer security, has slack password controls, has not invested in antivirus, firewall, Intrusion Detection System (IDS), logfiles, data warehousing, data mining, or the personnel assigned to Internet Solutions (IS). Simultaneously, the organization seems over-concerned with minor matters, like whether employees are downloading music, chatting, playing games or viewing porn.

Low morale – low morale and staff shortages go hand -in-hand, employees feel overworked and underpaid, high staff turnover seems to occur in key positions, and complaints take the form of whistle blowing.

5.2.3 Methods of Uncovering Fraud

Ideally, fraud detection ought to be recognized as an important responsibility throughout every organization, every employee in an organization ought to be familiar with disciplinary consequences for breach of trust as well as failure to report criminal misdeeds against the organization (Jonita, 2010; Okolo, 2007).

The Panel of Audit Effectiveness (PAE) observed that unlike the external auditor, the forensic accountant modify the otherwise neutral concept of professional skepticism and presume the possibility of dishonesty at various levels of management, including collusion, override of internal control and falsification of documents (Grazoli et al, 2006). Financial crime or fraud can be detected through a variety of ways such as; internal control, internal audit, notification by employees, discovery by accident, anonymous tip, notification by customer, notification by regulatory or law enforcement agency, notification by vendor, external audit, the organization's top management requesting an inspection on the basis of mere suspicion.

6. THE CHALLENGES OF FORENSIC ACCOUNTING

Ribadu (2011); Okoye (2006) identified the obstacles hindering the efficient application of forensic accounting to include the following; failure of law enforcement agencies in prosecuting offenders, constitutional constraint, attitude of defense lawyers in seeking for adjournments, inadequate of existing procedural laws, congestion and slow pace of court proceedings, jurisdiction problem and cost of investigation and prosecution. In other words, there is a weak legal framework which hinders the application of forensic accounting service in Nigeria. To corroborate this assertion Tijani (2006); Kasum (2009); Owojori and Asaolu (2009) asserted that the application of forensic accounting services have been faced with challenges, which include: unethical management and poor budgeting practice, hiding financial irregularities of hired auditors, lack of co-operation among company's employees and manipulation of financial reports among others.

Other areas of challenges facing forensic accounting today, include the following; Client's High Expectation- As the client's ideal increases with improvement in technology, the forensic accountant's capabilities is also expected to rise. The speed of the internet and its ability to reveal anything about everything gives client the impression that the forensic accountant should have the ability to uncover any fraud and solve a complicated crime within a short period of time. It takes time for the forensic accountant to build up his case by gathering evidence to prove that the action was fraudulent and the fraud was perpetuated by the accused (Jonita 2010; Zysman 2006). Owojori and Asaolu (2009) asserted that in reality, a fraud case takes time to uncover, therefore the case is not just closed by the long period it takes to resolve it.

High Cost of Equipment- High cost of equipment, programs and materials for forensic accounting functions is a big challenge to the work of the forensic accountant. Many high tech equipments that are available are often too expensive for government and small forensic firms to afford and maintain (Jonita, 2010).

Disappearing Paper Trail- Today's technological advances have also created yet another thorny issued for forensic accounting. Formerly, accountants were engaged in the combing of piles of receipts, invoices, ledger and tax records to find missing assets or to ascertain how a fraud was committed. However, today, these files are increasingly kept as password and encrypted computer files, thereby increasing the difficulty of getting facts and evidences by the forensic accountant (Jonita, 2010; Razae, et al 2006).

Investigating Cyberspace- Manning (2010); Oladipupo (2005) opined that a growing number of business operate solely online, so to investigate these companies, the forensic accountant must enter cyberspace, which poses a great challenge. These cases are very difficult to track because of the lack of paper trail and the ease in which a person can shield his or her identity online.

Analysis of Electronic Devices- Electronic devices refer to any electronic device capable of storing information of evidentiary value, including cellular phones, electronic organizers and various network communications devices such as routers and hubs. The analysis of such devices is somewhat more complex than the activity of recovering data from storage media and the hardware required is generally more specialized (Tijani, 2006; Coenen, 2008).

Electronic Evidence- According to Okunbor and Obaretin, (2010) and Adhikari, (2012) some important aspects of financial forensics involving information technology that affects the practice of forensic accounting are digital evidence and it includes the following; the recovery of the data that has been deleted intentionally or accidentally or the recovering of damaged documents from a computer storage drive, for those on a network server it would include the direction of the network data while ensuring that the integrity of the systems is maintained and that the data can also be authenticated, it may involve the use of a message chest which would ensure that the digital evidence have not been damaged, changed or modified in any way, it can also be to ensure and confirm the authenticity of the digital evidence and more importantly it has to be preserved and maintaining the chain of custody of the evidence, otherwise it may become contaminated and worthless for the case or investigation.

6.1 Approach to Forensic Accounting Work

The forensic accountant is expected to approach and handle his work in a meticulous manner so as to come out with a sound, objective and reliable result. Zysman (2006); Aderibigbe (2010); Crumbley (2003) outlined the following steps in executing forensic accounting work; Meet with the client - to obtain an understanding of the important facts, players and

issues at hand, perform a conflict check as soon as the relevant parties are established, perform an initial investigation to allow subsequent planning to be based upon a more complete understanding of the issues, develop an action plan that takes into account the knowledge gained by meeting with the client and carrying out the initial investigation and which will set out the objectives to be achieved and the methodology to be utilized to accomplish them. Obtain the relevant evidence - this may involve locating documents, economic information, asset, a person or company, another expert or proof of the occurrence of an event. Performing the analysis - this involve calculating economic damage, summarising a large number of transactions, performing a tracing assets, performing present value calculations utilizing appropriate discount rates, performing a regression or sensitive analysis, utilizing charts and graphics to explain the analysis and a report will often be prepared which may include sections on the nature of the assignment, scope of the investigation, approach utilized, limitation of scope and findings or opinions.

7. RECOMMENDATIONS

Since there is a general belief that no nation can grow when corruption is seen as normal way of life, there is therefore, urgent need to tackle the endemic corruptible tendencies in our companies and politics so that the nation's economy can develop like that of other nations. The various agencies fighting corruption worldwide will need to engage the services of forensic accountant to compliment efforts of other professionals in reducing fraudulent activities and installing fraud proof internal control system in corporate organizations. The local accounting bodies in all developing countries should encourage formalization in the field of forensic accounting. The government of Nigeria should develop interest in forensic accounting and encourage the efforts of forensic accountants in the monitoring and investigating of suspected and confirmed cases of corruption. Practicing accountants in the country should work towards specialization and possibly establishing firms for forensic accounting practice only. The academia should emphasize skill development in the field of forensic accounting. There is need to pay competitive wage rate so as to reduce the tendency to commit fraud. There is no doubt that the cost of investigation is very high, therefore government is advised to buy high cost equipments and such other soft-wares necessary for high technology investigation. Criminals are creating new fraudulent techniques every day, therefore information technology training along with the proper forensic accounting courses is a must for today's accounting detective, (Kasum 2009; Owojori and Asaolu 2009). The effect of fraud and corruption on the lives of citizens and operations of businesses has been very alarming and seriously devastating. We therefore recommend the strengthening of forensic accounting institutions and the utilization of their services as a way of providing checks to those who have the intention to commit fraud. Research into and the development of new techniques and tools is vital to keep abreast of changes in technology. Time and resources must be dedicated to the research and development of new forensic techniques, not only to develop solutions to existing problems, but also to recognize emerging problems and find realistic solutions (Uche, 2009; Kasum, 2009).

The following policies should be established and integrated into the system of the organization; review or strengthen the internal controls, institute periodic compliance audits, create an employee hotline, appoint compliance monitoring personnel, establish a code of conduct for all employees, conduct background checks hires with budgetary responsibility, institute fraud awareness training, tie employee evaluation and promotion to ethics or compliance objective (Damilola, and Olinfinsola, 2007; Okolo, 2007).

Management should test controls over a greater period of time, since this provides more evidence of the effectiveness of controls than testing over a shorter period of time. Further, testing performance closer to the date of management's assessment provides more realistic evidence than testing performance in earlier part of the year. Forensic accountants should learn to recognize the telltale signs of financial crime, such as unusual losses, overpayments to suppliers, unusually high business expenses, odd sales patterns, serious customer complaints, inaccuracies in management reports and much more. This is done by carrying out trend analysis to determine significant changes within the desired period.

8. SUMMARY AND CONCLUSION

In summary, the study observed that fraud and corrupt practices are common especially in developing countries and they have negative impact on such economies. We found out that the services of forensic accountants are required in both public and private sectors of the Nigerian economy and their services are much required for fraud and corruption related issues. The problem of the public sector is that it affects a lot of citizens and in most cases perpetrators get away with the act. This is to say that it is only in few instances that the nefarious acts are uncovered on time, investigated and prosecuted. Consequently, many of those involved are left free and hence there is no deterrent for future acts. Based on the result of the study, the researcher draws the following conclusion; corruption in third world countries and especially in Nigerian firms and ministries is alarming and it is not only crumbling the economy but also affecting the national standard of living of the citizens. All these have negatively affected the growth and development of the country. The services of the forensic accountants are in dire need to fight financial crimes and corruption in developing economies, to enhance economic growth and development.

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