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Forensic Accounting and Auditing As a Tool to Control Financial Fraud in Nigeria

Iheme Bright Uche

PhD Student of Forensic Accounting and Audit,
Charisma University, Turk's and Caicos Islands, British West Indies

Abstract: *The importance of forensic accounting and auditing in financial fraud detection, investigation and reporting cannot be overemphasised. Nigeria, a country global recognised as one of the most corrupt countries in a global rating cannot remain elusive over the importance of forensic accounting and auditing in the twenty-first century accounting system, and the fight against financial crime. The paper therefore discusses financial accounting and auditing as a tool to control financial fraud in Nigeria. The methodologically, the paper relies on secondary sources of data collection based on the content and documentary evidences in literature on the subject matter of the paper. The paper is purely non-statistical based rather data analysis makes use of historical and descriptive methods. Theoretically, the Agency Theory forms the basis of the theoretical framework. One of the findings of the paper is that forensic accounting and auditing has remained undisputable approach in the fight against financial fraud through holistic method of fraud detection, investigation and reporting. One of the recommendations of the paper is that non-forensic professional accountants should be required to have passed through forensic accounting training and qualification before they can be employed and/or practice of professional accounting. Conclusively, the problem of financial fraud in Nigeria is also a global phenomenon that has remained unabated. However, it can only be detected, investigated and reported but may not really be eliminated in its entirety.*

Keywords: Forensic Accounting, Forensic Auditing, Financial Fraud, Financial Statements, Financial Reporting.

1. INTRODUCTION

Quality financial reporting can be archived through the process of forensic accounting and auditing approach. This is because the forensic approach does not only bring about far-reaching disclosure of financial information but helps to achieve to present information on non-financial matters, which aids in decision making in the any financial report of an organization (Beest, Braam & Boelens, 2009). According to Lucy, Okoh and Nnaemeka (2016), in order to entrench and achieve quality assurance in financial reporting, forensic accounting and auditing cannot be overemphasized. This is because the quality of financial statements is critical to the report and this being assured through the application forensic accounting.

The importance of financial report in any organization cannot be overstated, and more importantly, the accuracy of such a report gives credence to the report for internal and external purposes. It is the accuracy of every financial report that determines the quality assurance of the report. On the basis of this fact, Uwuigbe, Eluyela, Uwuigbe et al. (2018) and Uwuigbe, Teddy and Uwuigbe et al. (2018) explain that the accuracy of the financial report is important both for internal and external purposes. For the internal purpose, according to Chen et al. (2011), there is need for corporate stewardship to identify good projects which will ultimately increase investment efficiency and share values. And for external purpose, Diamond and Verrecchia (1991, pp. 325–1359) observe that precise "announcing will likewise help capital suppliers to survey the company's venture open doors just as screen administrative activities." Chukwu et al. (2019), also affirm that an accurate financial reporting in any organization helps corporate leaders in assessing the quality of the credit. It also assists capital providers or investors in comparing their returns on investments that would guide them to decide if they can review their investments upward or downward and in some cases, whether to divest.

In an effort for any organization to have quality, accurate and reliable financial reports, financial fraud always possesses a challenge, and this has in some cases led to litigation in the law court between the financial investors and financial managers. It is on the basis of this situation that forensic financial accounting and auditing becomes necessary. This is because it is only through the forensic approach that financial frauds can be properly detected, investigated and reported for legal purpose. The reason for this paper therefore, is to discuss forensic accounting and auditing as a tool for effective financial reporting in Nigeria.

2. LITERATURE REVIEW

2.1 Concept of Forensic Accounting

Forensic accounting may be a new concept in Nigeria but it is a global phenomenon, which is as old as over 200 hundred years. Ibanichuka, Ejimofor and Okwu (2020) trace the origin of forensic accounting to the old Egyptian clerks who took account of Pharaoh's assets who are called "eyes and ears of Pharaoh." A legal issue for the use of the law court, forensic account is over 200 years old. Ibanichuka et al. (2020) further report that in 1817, forensic accounting was reviewed for the first time in court when a certain accountant was needed to testify in a bank scam hearing in Scotland. However, Pouloubet in 1946 was the first to present report on the phrase "forensic accounting" which was later introduced by western nations in the 1980s based on developments in market economy and to support judicial system. Another report by Josh (2033) on the origin of forensic accounting and the need for forensic accountant has it that it was Kutilya, the first economist who openly recognized the need for the forensic accountant, whom he said mentioned forty ways of embezzlement centuries ago.

Keskin and Ozturk (2013) explain that the use of forensic approach in accounting is science which is different from conventional accounting that brings about getting accounting facts using procedures and checking methods which dealt with legal issues and monetary attributes. The concept of forensic accounting is further defined to relate to deterring, detecting and investigating financial related crimes or frauds during financial reporting (Kristic, 2009). On their part, Howard and Sheetz (2006) explain financial accounting as a process whereby complex financial issues are clearly interpreted, summarised, presented in a succinct and factual ways especially in a law court. Modugu and Anyaduba (2013) concisely state that the world "Forensic" is all about solving crime, which entails the use of science in financial related crime in order to get reliable evidence in financial investigation for purpose of preventing or reducing financial impropriety in all forms**.** Manning (2002) defines forensic accounting as the combination of accounting, auditing and investigation expertise that is acceptable by a court of jurisdiction for civil and criminal litigation.

The concept "forensic" has to do with to detect, investigate and report financial crimes. In line with this fact, Degboro and Olofinsola (2007) describe forensic accounting as the application of criminalistic methods, and integration of accounting investigative activities and law procedures. Other names like investigative accounting or fraud audit can be used in place of forensic accounting. To the extent of this, Dhar and Sarkar (2010) explain that forensic accounting is fusion of forensic science and accounting for the purpose of detecting and investigating financial crimes and related accounting misdemeanours. Forensic accounting is not done in isolation but for some reasons. Therefore, Bhasin (2007) identifies some key objectives of forensic accounting to include assessment of damages caused by an internal auditor's negligence, fact finding to see whether embezzlement has taken place and in what amount. It also tries to find out if the criminal aspect of the proceedings would to be commenced. This also helps to determine if there the need to collect evidence in the criminal proceedings and to compute the value of asset in divorce proceedings.

2.2 Concept of Forensic Audit

Forensic audit according to Huber (2017) is a multidiscipline that combines accounting, auditing and investigative skills to detect financial irregularities and recommend appropriate guidelines for the relevant parties. In defining forensic auditing, Dhar and Sarkar (2010) conclude that forensic auditing is the application of accounting models and procedures to solve legal problems that must be reported to establish accountability of a financial fraud as a legal evidence for both for use by a law court and legal administrative proceedings. Zysman (2006) suggests that for this purpose, forensic auditing must include accounting, auditing and investigative skills. Apostolou, Hassel and Webber (2000), explain that forensic auditing focuses attention for the use and purpose of legal matters with three-part of activities namely; utilizing accounting, auditing and investigative skills.

Ofiafoh and Otalor (2013) observe that it is because of fraud is inform of bribery, corruption, embezzlement, money laundering, racketing, fraudulent financial reporting, tax evasion, forgery and other means globally that calls for forensic audit in order to dictate these financial and economic anomalies in the corporate world. For this, Solomon and Akpan (2021) explain that forensic audit has gained global acceptance in curbing financial crimes. Towing this same of line of thought, Issa and Al-Azzabi (2018) believe that forensic audit has become necessary in every organization mainly when internal auditors could not detect even if not to prevent some unethical practices. As a field of learning, Apostolou, Hassel and Webber (2022), explain that forensic auditing is a specialized area in accounting which is mainly for describing activities due to some actual or anticipated disputes or litigation. That is, forensic auditing as a field in accounting focuses attention on establishing highest level financial assurance for legal review and offering.

2.3 Concept of Financial Reporting

Financial report is a statement that expresses monetary details of an organisation's activities based on the economic realities that have some components of financial statements that in combination with International Financial Reporting Standards (IFRS). According to Ibanichuka, Ejimofor and Okwu (2020, p. 77) "financial reports are organized summaries of detailed information in relation to financial or monetary statements of corporate organizations prepared, presented, and reported in accordance with International Financial Reporting Standards and Financial Reporting Council of Nigeria (FRCN)."

The components of the financial statements in financial report include statement of monetary or financial position, statement of alteration in equity, comprehensive income statement, report of cash flow and the accounts notes. Every component helps to understand definite areas of financial report (Ofurum et al., 2014). The need for quality financial report system that is different from financial statement preparation has been the concern of corporate organisations and stakeholders (Ibanichuka et al., 2020). This is because the primary objective of financial reporting according to Financial Accounting Standards Board (FASB) (2022) and

International Accounting Standards Board (IASB) (2008) is to provide high-quality financial reporting information concerning financial economic bodies that can help them make some decisions that will economically useful.

2.4 Concept of Financial Statement

Financial statement is a written record that conveys the business activities of an organisation and its financial performance for a particular period of time. Government and its ministries, agencies and departments audit financial statements through the use of accountants and accounting firms for the purpose of ascertaining the accuracy of the statements for tax purposes and other financial related issues like financing and sometimes for investments. The financial statements of an organisation that help it to determine its business profit are the balance sheet, statement of income, statements of cash flow, and that of changes in investment especially, equity. Non-governmental and Non-profit organisations also prepare financial statements but not for determining profit rather for different purpose (Murphy, 2022). Financial statement is usually audited or checked by government parastatals, accountants, companies, and others to assure transparency and correctness and for tax funding or investing. Murphy (2022) also maintains that monetary analysts and investors depend on monetary data presented in the financial statement to analyse monetary performance of any firm and to forecast direction of the future of firm's stock.

The objective of financial statement, according to IASB is to provide information about the financial position, financial performance, and changes in financial status of an entity, which will be useful to a wide range of users in making informed economic decisions. Financial statement is expected to be easily understandable by all the users and it must also be relevant to the business concerned. So, the attributes of relevance, comparability, reliability, and uniformity are paramount importance a financial statement should possess before justifying its usefulness to the stakeholders (Oseni et al., 2019). Organisations are by law required to comply with some auditing regulations such as contained in the general accepted accounting principle (GAAP). The essence of the compliance is to make the financial statement pays adequate attention to some of the purportedly small issues (Ezeagba, 2014).

It is believed that most times financial related crimes are perpetrated by falsifying financial statements to reflect what it is not. Falsification of financial statements gives wrong information about the earning of an organization and its financial capacity. It is the information that are presented in a financial statement that stakeholders rely in their decision making, and ability to get exposed to financial frauds. Very often, to investigate financial crime, legal practitioners- mainly lawyers and security officers like the police. This is because it is criminal suspicion and misinformation that calls for financial investigation (Gray & Moussalli, 2006).

On the issue of disclosure of information in the financial statement and in compliance with the Companies and Allied Matters Act (CAMA) Cap C 20 Laws of the Federation of Nigeria, 2020 (as amended) the following information are to be disclosed in the financial statement.

i. Statement of accounting policies
ii. Profit and loss account
iii. Balance sheet
iv. Value Added statement
v. Five Year financial summary
vi. Notes to the account
vii. Auditors' report
viii. Directors' report
ix. Group financial reports in case of group of companies

However, based on the newly adopted International Financial Reporting Standards operating in Nigeria, the following are the information that are to be disclosed to enhance comparability and transparency of the information disclosed (Oseni et al., 2019). These include statements that present:

i. Financial position
ii. Comprehensive income
iii. Changes in equity
iv. Cash flow statements
v. Notes to the accounts

2.5 Concept of Financial Fraud

There are many definitions of fraud, ranging from such cursory ones as "the obtaining of goods and/or money by deception" (Levi, 2009, p. 224) to more elaborate ones that claim fraud is "a human endeavour, involving deception, purposeful intent, intensity of desire, risk of apprehension, violation of trust, rationalization, etc." (Ramamoorti & Olsen, 2007 as cited in Yu, 2013, p. 447). The law is just ambiguous about the phenomenon, and legal scholars have at times referred to the body of law dealing with fraud as a "conceptual morass" (Green, 2007, p. 231). Fraud does not exist as a coherent or single activity or statutory offence and has no single legal definition (Doig, 2006, p. 19; Pickett & Pickett, 2002, p. 1). The law only possesses is "a concept of fraud, a broad notion (broader indeed than the layman's) of what it means to defraud someone" (Doig, 2006, p. 19, emphasis in original). This legal concept of fraud appears in various guises in a wide range of laws across different jurisdictions (Green, 2007, p. 229), and the meaning and definition of fraud may change, depending upon the specific statute in which the word appears (Podgor 1999, p. 737).

The concept of fraud also appears in varying roles within legal statutes. In addition to fraud being conduct subject to punishment, it can present itself as the state of mind required for certain acts to impose civil or criminal liability. In such cases, statutes might use the term "fraudulently" to describe the actor's intent. Other statutes use the term "defraud" or "intent to defraud." Finally, some provisions speak in terms of a "scheme or artifice to defraud" (Podgor 1999, pp. 730–731). In the context of financial market activities – banking, securities, and insurance – fraud is attributed a more specific meaning and best understood as the unlawful falsification or manipulation of financial information (Fligstein & Roehrkasse, 2013).

To bring some degree of order into this terminological muddle, a conceptual distinction is made here between three types of financial fraud. These will be referred to as:

i. financial statement fraud;
ii. investment scams; and
iii. fraudulent financial mis-selling.

Albrecht and Albrecht, (2004)'s classification of fraud, noted One typology characterized as

i. Embezzlement
ii. Management fraud
iii. Investment fraud
iv. Vendor fraud and
v. Customer fraud

Fraud in another instance, in the view of Longley (2022) is a broad legal term referring to dishonest acts that intentionally use deception to illegally deprive another person or entity of money, property, or legal rights. From behavioural approach, Alhassan (2021) refers fraud to human behaviour that entails deceit and strong desire and for trust violating. Fraud can be termed as an unlawful act of acquiring wealth by an individual or group of people in a planned manner. This act defies the obtainable government legislation. Elements of fraud as identified by Longley (2022) are a misrepresentation of a material fact; knowledge of falsehood; intent to deceive; reasonable reliance by the victim and actual loss or injury suffered. Unlike the crime of theft, which involves the taking of something of value through force or stealth, fraud relies on the use of intentional misrepresentation of fact to accomplish the taking (Alhassan (2021).

3. THEORETICAL REVIEW: AGENCY THEORY

There are many theoretical underpins under which this paper can be situated. They include White collar crime theory, Positive Accounting Theory (PAT), Fraud diamond theory, Stakeholder theory and Agency Theory. For the purpose of this paper, we have adopted Agency Theory propended by Jensen and Meckling (1976). Agency theory is extensively employed in the accounting literature to explain and predict the appointment and performance of external auditors and financial consultants. Jensen (1976) argues that, agency theory provides a useful theoretical framework for the study of internal auditing function. The theory does not only help in explaining and predicting the existence of internal audit but that is also helps in explaining the role and responsibilities assigned to internal auditors by the organization, and that agency theory predicts how the internal audit function is likely to be affected by organizational change.

Jensen and Meckling (1976) define an agency relationship as a

> contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal (pp. 310).

Agency theory attempts to explain a loss in value or wealth which occurs whenever one party act (as the agent) for another- the principal. Such is the situation in the typical corporation where management (the agent) is hired to operate a firm for the shareholders (the principals) (Colbert & Jahera, 2017). According to Ozkul (2012), Agency theory describes firms as necessary structures to maintain contracts, and through firms, it is possible to exercise control which minimizes opportunistic behaviour of agents. In order to harmonize the interest of the agent and the principal, a comprehensive contract is written to address the interest of both the agent

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and the principal; they further explain that the relationship is further strengthened by the principal employing an expert to monitor the agent.

The theory helps to explain the role of the auditor and the items of audit significance which may arise from various ownership structures. It also explains the relationship between the internal auditor and the external auditor, and the relationship the auditors have with the management, the board of directors, and the shareholders. Furthermore, the theory explains the amount of audit which is demanded (Colbert & Jahera, 2017).

This theory proposes that due to the asymmetric and selfish nature of information, the employer (i.e. the principal) does not have confidence in his employee (i.e. the agent), and as a result the principal would want to take a decision that would align the interest of the agent with his and to reduce the scope for information asymmetries and opportunistic behavior (Institute of Chartered Accountants in England & Wales, 2005).

The relevance of agency theory to this paper can be explained from the fact that forensic accounting assess and investigates the internal control functions of an organization in order to maintain the integrity of financial statements prepared by the management (the agent) for the shareholders or owners (the principal) of the organization.

4. METHODOLOGY

The paper relies on secondary data, which were sourced from textbooks, journals, magazines, bulletins, and other related internet based contents on the subject matter. It adopted descriptive research design. Date analysis was based on content and documentary approach but qualitatively done. The research is purely non-statistical but with the use of descriptive narratives to illustrate and explain data collected for the paper.

5. DISCUSSION

5.1 Forensic Accounting and Auditing as a Tool to Control Financial Fraud in Nigeria

In order to have a comprehensive and effective fraud control through the use of forensic accounting and auditing, three things must be achieved namely: fraud detection, fraud investigation and fraud reporting. To achieve the objective of this paper, this section discusses the importance of forensic accounting and auditing in fraud detection, investigation and reporting through the review of existence literature.

Fraud especially, financial fraud is one the challenges every organisation faces. To curtail this menace that affects the progress of any organisation, effective internal control must be put in place. The essence is to detect, investigate, and prevent fraud. Wells (2008) believes that internal control system means of preventing and detecting fraud must be effective. To have effective internal system for the purpose of detecting and preventing fraud, Barra (2010) is of the view that what is required is the definite knowledge of fraud through research. In line with this fact, Moyes and Baker (2003) in their study accept that for fraud detection to be effective, it requires standard internal audit procedures. But Blake (2011) argues that an effective internal control system cannot protect against fraud. This is because; lack of basic knowledge of forensic audit by the internal auditors cannot detect, investigate and prevent fraud. Barra and Griggs (2007, p. 375) also argue that "internal control do not deter fraudsters from committing fraud." This is because effectiveness of internal control system can be weakened by collusion of interests; hence, the place of the understanding of forensic accounting technique cannot be over underscored.

Fraud Prevention involves some principles such as honesty, sincerity and assistance. The reason is to see that the level of the fraud is eliminated or drastically reduced (Ugwu, 2021). One major way to prevent fraud according to Enofe, Omagbon and Ehigiator (2015) is to have focus on the tradition of the organization and apply strategies that will make the organization free from fraud or at least, lower the rate of fraud. This can successful if the root causes of the fraud are identified, if the loopholes, and identify the gaps that are leveraged on by the fraud perpetrators. Another important thing in this regard, is to ensure the welfare of all staff of the organisation; they must be motivated.

In Nigeria, there have been some noticeable fraud cases that have been detected, investigated and reported by the anti-fraud agencies like the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC). According to Transparency International (2022), EFCC has disclosed through a press release that it has secured 2,220 convictions in 2021 (table 1) bringing the total convictions secured by the Commission to 5,629 between 2010 and 2021. However, there is no transparency in the data released by the Commission as it has not published full details of cases and persons convicted thus far. The EFCC has since 2016 stopped publishing, on its website, a detailed yearly record of convictions it has secured and persons convicted of money laundering, corruption, cybercrime, advance fee fraud, etc.

Table 1: EFCC Convictions from 2010 to 2021

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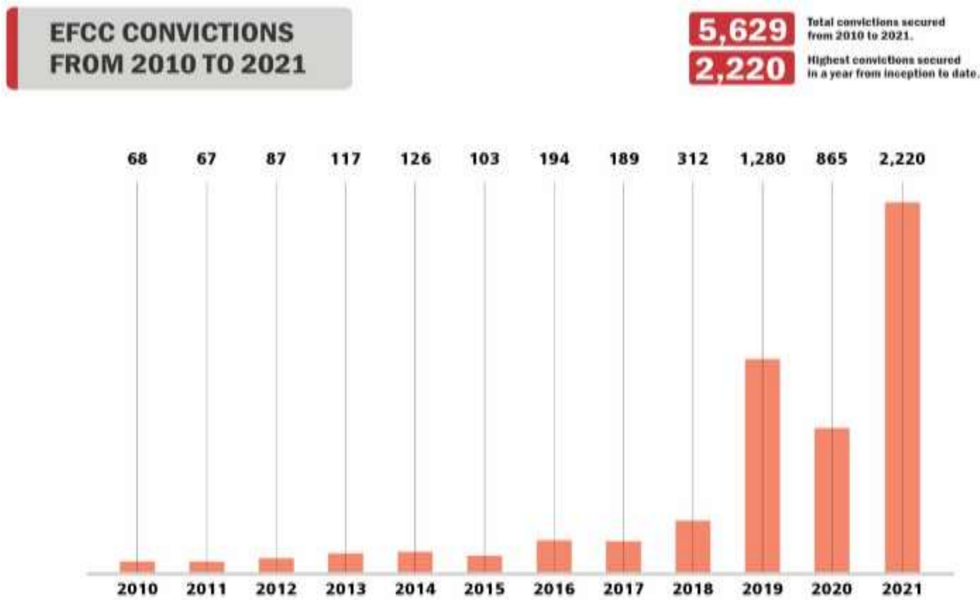

Source: Transparency International (2022).

Table 2: Operational activities of the EFCC (2010-2020)

Year	Petitions received	Petitions Investigated	Cases prosecuted	Convictions
2010	6,782	2,399	206	68
2011	7,737	2,606	417	67
2012	4,914	2,062	502	87
2013	6,089	2,883	485	117
2014	4,941	2,512	388	126
2015	5,979	2,2662	462	103
2016	N/A	N/A	N/A	182
2017	N/A	N/A	N/A	189
2018	N/A	N/A	N/A	312
2019	N/A	N/A	N/A	1,246
2020	10, 152	7, 340	865	1,305
Total	N/A	N/A	N/A	3,802

Source: Onyema et al. (2018); Vanguard (December 31, 2020) and GI-ACE Project, (2021).

5.1.1 Forensic Accounting and Auditing in Fraud Detection

In the process of internal audit, auditors do not have outright responsibility to discover fraud. However, fair practice and correct reporting must be carried so that the interests of the public and that of the employees in the organization are in place (Enofe, Okpako & Atube, 2013). Empirical study by Boritz, Kotchetova and Robinson (2008) on the forensic accounting and auditing, and fraud detection shows that forensic accountants are in a better position to detect considerably more number of fraud than auditors. Another study by Brown, Aiken and Visser (2007) shows that financial fraud can be detected by the use of computer related analytical tests to preempt and detect financial fraud that would not otherwise be noticed for a long time. Ugwu (2021) identifies three primary methods of fraud detection as: (i) By Accident, (ii) By installing hot lines and whistle bowing system that encourage employees and other people to report suspected cases of fraud, and (iii) by examining transaction records, accounts and documents and other abnormality that might indicate fraud.

The role of forensic accountants is very important as experts in detecting fraud. Crucial part of their role is accurate documentation of the evidences that are needed for a fruitful criminal prosecution in the law court (Claire & Jude, 2016). Another role forensic accountants play in fraud detection includes reconstructing destroyed, missed or deceptive accounting records. They should possess

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the quality of being effective at economic and financial loss, social harm and good in estimating damage as well as being familiar with the assumptions, opportunity cost situations, algorithm and econometric models computations (Owojori & Asaolu, 2009). Mukorol, Yamusa & Faboyede, 2013) on their part in explaining the duties of a professional forensic accountant in fraud detection, are of the view that he should have the knowledge of quantification and measurement of fictitious asset. These fictitious assets include the organisation's reputation and goodwill. Being an expert in evaluation of financial matters, forensic accountant must as a matter of his professional responsibility be skillful to express his opinion reliably on issues of business value in line with the generally accepted presumption. On the skill of being an evaluator of financial matters and information, he usually applies historical and predictive approach in risk and returns of any going concern all financial transactions connecting to contract, assets, valuation of asset and liabilities, equities, property taxes etc.

5.1.2 Forensic Accounting and Auditing, and Fraud Investigation

For successful conduct of the investigation in financial crime, one should realize that they are filled with complexities and they are by nature information intensive (Ugwu, 2021). Okafor (2006, states that there are approaches to fraud investigation or successful conduct of the investigation of financial crime.

The five-step approach to forensic accounting according to Singleton, Singleton, Bologna and Lindquist (2006) include the following:

i. Prediction: that is a set of conditions which convince reasonable, prudent and professional trained individual that would show fraud has taken place; fraud has taken place; or fraud is about to take place.
ii. Fraud investigation plan: based on forensic auditors knowledge and analysis of fraud scheme and the red flags associated with them.
iii. Examination of records and evidence gathering: to confirm or otherwise of the fraud, accounting, and transaction documents, as well as, other data are examined.
iv. Interview process: eye witness and later, the suspect are interviewed.
v. Report writing: the report is written and submitted to the person who engaged the forensic auditor. The report should be clearly and carefully worded bearing in mind that should the case be brought to court, it would be relied upon for judgement.

5.1.3 Forensic Accounting and Auditing, and Fraud Reporting

The issue of quality is very critical to the usefulness that financial reports could serve. Reporting of financial matters through the use of forensic accounting is not just an ordinary way to observe reporting principles and policies. It is done as a guide against validate a hidden information that would serve as a documentary evidence in the law court during litigation. To an accountant, it reinforces the quality of the report he issues. International Accounting Standards Board (IASB) (2008) as cited in Epistein and Jermakowicz (2010) states that financial reporting is in two broad characteristics namely:

i. **Fundamental Quality:** The fundamental characteristics a financial report from the perspective of forensic accounting are its significance, and realistic representation.
   - **Relevance**: This is the capability of the users of the fraud reports to make a difference while taking decisions as investors. Relevance is put to test in order to improve all-inclusiveness of the measures that assess quality. This is done by putting into consideration a wider scope for more analytical value of the reported financial and non-financial information, which helps to know the past earning of the organisation so that future eranings can be predicted (Francis, LaFond, Olsson & Schipper, 2004; Lipe; Schipper & Vincent, 2003). Further earnings prediction helps in explaining the information necessary for determining the organisation's capability to generate future cash flows (Onyekwelu, Ugwu & Nnamani, 2016).

   - **Faithful representation**: In line with IASB (2008), every financial report is expected to present remarkable economic information. Faithfull representation therefore becomes one the expected characteristics of financial reporting in assessing or showing how such information is presented. Accordingly, annual reports must be complete, neutral and free from material error (IASB, 2008). There are four things that make any financial report to have faithful representation. They include neutrality, completeness, freedom from material error, and verifiability (Willekens, 2008; Rezae, 2003; Cohen, Krishnamorthy & Wright, 2004; Jonas & Blanchet, 2000; Maines & Wahlen, 2006; Gaeremynck & Willenkens, 2003; Kim et.al, 2007; Beest, 2009).

ii. **The Enhancing Qualitative**: This characteristic of a financial report from the standpoint of forensic accounting that makes decision making useful especially if the central qualities are recognised. Nevertheless, these do not explain that the financial reporting has its own quality (IASB, 2008). These qualities according to Onyekwelu et al. (2016) include: Understandability, comparability and reliability.

- **Understandability:** This is an attribute that increases when information in financial report is classified, characterized and presented clearly and concisely (Beest et al., 2009). Understandability is achieved if the quality of information in the financial reports using forensic accounting approach enables users to comprehend their meaning (IASB, 2008). The standard is measured using five items that emphasize the transparency and clearness of the information presented in annual reports (Jonas & Blanchet, 2000; Courtis, 2005; IASB, 2008). These items are faithful representation; substance over form; neutrality; prudence; and completeness. Jonas and Blanket (2000) explain that annual report is easy to understand while searching for particular information if it is well-oragnised. Disclosure information and in particular the notes to the balance sheet and income statement , may be valuable in terms of explaining and providing more insight into earnings figure (Beretta & Bozzolan, 2004).

- **Comparability:** Comparability is achieved in a financial report if the quality of information therein enables the users to identify similarities in and differences between two sets of economic phenomena (IASB, 2008). This implies that similar situations should be presented the same while different situations should be presented differently. To this extent comparability is determined with the use of 6 substitutions that have to achieve regularity in the report (Onyekwelu et al., 2016).

- **Timeliness:** This attribute defines the ability of the financial information being made available to decision makers before it misses its capability to impact decisions (IASB, 2008) and refers to the time it takes to reveal the information and is related to decision usefulness in general. The natural logarithm of number of days between year-end and that the signature on auditor's report after year end is the basis for examining the quality of information in annual reports (Beest, et.al. 2009).

6. CONCLUSION

The problem of financial fraud in Nigeria is a global phenomenon that has remained unabated. However, it can only be detected, investigated and reported but may not really be eliminated in its entirety. This is because of unprofessional nature of the work of some internal auditors who have continued to use the traditional accounting and auditing methodologies. This is where and why forensic science and skill become necessary. It is only forensic approach to accounting and auditing that can truly detect, investigate and report covered financial fraud because forensic accounting goes beyond the conventional approach. On this note, Bhasin (2007) explains that the primary objective of forensic accounting is to carry an explanatory analysis of phenomenon in order to discover deception, and its effects, introduced into the accounting domain.

7. RECOMMENDATIONS

The increasing rate of fraudulent activities in Nigeria has become so wearisome that there is need to put in place a means of controlling and if need be, eliminating it. Forensic accounting, though, a new branch of accounting discipline can be an effective tool in combating fraudulent activities within and outside the organization (Anuolam, Onyema & Ekeke, 2016). On the basis of the above statement and the findings of the study, the following recommendations are presented.

i. The Legislative arm of the Nigerian government should a matter of national interest enact laws to require public limited liability companies to carry out forensic approach in their financial accounting and audit.

ii. Non-forensic practitioners in accounting profession should be required to have passed through forensic accounting training and qualification before they can be engaged to carry out the practice of accounting. This can be done by making a forensic accounting a compulsory course by the Institute of Chartered Accountants of Nigeria (ICAN), the Association of National Accountants of Nigeria (ANAN) and other accounting related professional bodies in Nigeria.

iii. Our institutions of higher learning should introduce forensic accounting as part of their departmental courses in faculty of management sciences (Onyekwelu et al., 2016).

iv. All the anti-corruption agencies in Nigeria such as the Economic and Financial Crime Commission (EFCC) and the Independent Corrupt Practices Commission (ICPC) and other ant-corruption agencies should create the department of forensic accounting in their various investigative departments or units.

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