

## **FORENSIC ACCOUNTING A SUGGESTED TOOL FOR FRAUD DETECTION AND PREVENTION IN NIGERIA**

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### **ABSTRACT**

*This study was intended to evaluate the extent to which forensic accounting can be used as a tool in fraud detection. This study was guided by the following objectives; to identify the role of a forensic accountant in an organization, to know if forensic accounting significantly reduces the occurrence of fraud in an organization, to know if there is a significant difference between professional forensic accountants and traditional external auditor. The study employed the descriptive and explanatory design; questionnaires in addition to library research were applied in order to collect data. Primary and secondary data sources were used and data was analyzed using the chi-square statistical tool at 5% level of significance which was presented in frequency tables and percentage. The respondents under the study were 60 employees of Eti-osa local government council. The study majorly focuses on staff knowledge and information concerning forensic accounting. The study findings revealed that forensic accounting plays a significant role in any organization; the use of forensic accounting significantly reduces the occurrence of fraud cases in the public sector; there is a significant difference between professional forensic accountants and traditional external auditor. Based on the findings from the study, more forensic accountants should be drafted into the public sector in order to reduce fraud in the public sector.*

### **INTRODUCTION**

The issue of fraud, money laundering and other corrupt practices in business and government organizations has necessitated the application and practice of forensic or investigative accounting. Forensic or investigative accounting is that branch of accounting that deals with recovering proceeds of fraud, money laundering and other related corrupt practices that may occur in an organization. Once fraud is perceived or detected, a professional set of people-the forensic accountants are called upon to help detect the fraud and furnish management with substantial evidence to be presented in the court of law, when prosecuting the suspects involved in the fraud. 'Forensic' which means evidence or material(s) to be used in court has been incorporated into accounting and finance as a result of increase in white collar crimes (Mazunder, 2011). Mazunder also remarked that law enforcement personnels in recent years have become more aware of white collar crimes, but lacked expertise and training in combating such crimes.

According to Zysman (2004), forensic accounting utilizes accounting, auditing and investigative skills. Enyi (2012) also asserted that it takes an accountant to catch a corrupt or fraudulent accountant, as man is expected to know the trick of a monkey in order to catch it. Strict ethical conducts must be applied by an auditor in-order to carry out forensic accounting successfully. An auditor must be fully independent and must be aware of the tricks of management staff and employees in perpetrating fraud in an organization.

Joshi (2003) traced the history of forensic accounting to Kutilya, the first economist to openly recognize the need for the forensic accountants. The first form of forensic accounting can be traced to an 1817 court decision. The phase 'Forensic Accounting' was first coined by Puloubet in 1946. Publoubet was the first man to publish in his book the phase 'Forensic Accounting'.

Since Nigeria gained her independence in 1960, forensic accounting has existed due to increase in fraud, money laundering and other forms of economic and financial crimes in the country (Enyi, 2012). The term 'forensic accounting' is not new in Nigeria as auditors, police and intelligence units apply it every day in the discharge of their duties.

The growing demand for forensic accounting is a known characteristic of most companies in the world. Forensic accounting arises from the effect and cause of fraud and technical error made by human. Forensic accounting is quite new in Nigeria as companies have realized that the service of a forensic accountant is needed as fraud cases have substantially increased in number. Forensic accounting is the application of financial skills and investigative mentality to unsettled issues, conducted within the context of the rules of evidence (Arokiasamy and Cristal, 2009).

Bologna and Lindquist (1987) assert that forensic accounting as a discipline encompasses fraud knowledge, financial expertise, and a sound knowledge and understanding of business reality and the working of the legal system. Forensic accounting may be one of the most effective and efficient way to decrease and check accounting fraud. Presently, forensic accounting is gaining popularity worldwide. It is been taught as a major course in many educational institutions in various countries, Howard, and Sheetz, (2006).

It has been noted that "Government spending has always been a big business, but it has become so massive today that the public through its legislators is demanding to know whether the huge outlays of money are being spent wisely or whether they should be spent at all." Officials and employees who manage public sector activities are by virtue of that duty, required to render adequate accounts of their activities to the public (Ribadu, 2005).

The incidence of fraud continues to increase across private and public sector organizations and across nations. Fraud is a universal problem as no nations is immune, although developing countries and their various states suffer the most pain.

Forensic accounting is said to bring significant improvement in the quality of fraud detection and prevention. This study meant to help and remind the public sector organization of Kogi State, in the affected ministries to design an integrated approach to preventing and controlling fraud and corruption within the workplace through an establish service of Professional Forensic Accountants.

## **REVIEW OF RELATED LITERATURE**

### **THEORETICAL REVIEW**

Fraud and corruption are fundamental problems of third world countries, particularly Nigeria where official corruption has become endemic (Akram 2009). The spate of world-wide corporate scandals involving Enron, Worldcom, Global Crossing, Tyco International, Xerox (USA); Parmalat (Italy) and corporate fraud perpetuated in Nigeria by management of Lever Brothers, Union Dicon Salt, Cadbury (Nigeria), and the 14 distressed banks as exposed by audit of the Central Bank of Nigeria has shown the failure of traditional audit techniques in unraveling corporate fraud and have rejuvenated interest in forensic accounting. So also are the increasing government concerns over official corruptions and the doggedness of the various anti corruption agencies at unraveling them through the deployment of forensic accounting methodology.

Companies are now beginning to be more determined than ever to ensure that their operations are above board and in no way connected with financial frauds. These have resulted in a steadily growing demand for sophisticated accounting and auditing techniques as provided by forensic accounting in detecting, correcting and preventing fraud as well as deceptive and creative accounting practices. Until recently, the detection of fraud or white collar crimes was generally thought to be part of the conventional accounting and auditing functions. Generally, Fraud was something that internal or external auditors were supposed to guard against through their periodic audits.

However, the failure of traditional audit in curtailing the menace of official corruption and white collar crimes is inflaming passion for forensic accounting techniques. The extent to which forensic accounting is gaining relevance in Nigeria in the fight against corruption in Nigeria, the investigative capacity of Nigerian accountants and the pace of development of forensic accounting in Nigeria are among the principal objectives of this paper.

## **THEORETICAL FRAMEWORK**

The basic theory that has been established in this research work is "white collar crime theory by Sutherland (1949) as cited in Michael (2004).

The term white-collar crime dates back to 1939. Sutherland (1949) as cited in Michael (2004) was the first to coin the term, and hypothesis white-collar criminals, attributed different characteristics and motives than typical street criminals. Sutherland originally presented his theory in an address to the American Sociological Society in attempt to study two field, crime and high society which had no previous empirical correlation. He defined his idea as "crime committed by a person respectability and high social status in the course of his occupation (Sutherland 1949, cited in Michael 2004). Sutherland noted that in his time, less than two (2) percent of the persons committed to prison in a year belong to the upper class." His goal was to prove a relation between money, social status, and likelihood of going to jail for a white-collar crime, compared to more visible, typical crimes, although, the percentage is a bit higher today.

Much of Sutherlands work was to separate and define the difference in blue collar street crimes, such as arson, burglary, theft, assault, rape and vandalism which are often blamed on psychological, associational and structural factors. Instead, white-collar criminals are opportunists, who over time learn they can take advantage of their circumstances to accumulated financial gain. They are educated, intelligent, affluent, individuals who are qualified enough to get a job which allows them the unmonitored access to often large sum of money.

But the federal Bureau of Investigation (FBI) has adopted a narrow approach defining white-collar crime as those illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent upon the application or threat of physical force or violence.

The blue collar crime will more often use physical force, whereas, in the corporate world, the identification of a victim is less obvious and the issuer of reporting is complicated by a culture of commercial confidentiality. Fredrichs (2007) stated that the only way one crime differs from another is in the backgrounds and characteristics of its perpetrators. Most, if not all white-collar offenders are distinguished by lives of privilege, much of it with origins in class inequality. It is estimated that a great deal of white-collar crimes is undetected or if detected, it is not reported. Because of the high status of the perpetrators of these crimes, a highly trained and experienced examiner or investigator like the Professional Forensic Accountant is needed to forestall the occurrence of such high profile fraud.

## **HISTORY OF FORENSIC ACCOUNTING**

Forensic accounting is by no means a new field as evidences prove that the profession has been in existence for a long time despite the fact that the profession was not yet recognized as a distinct one or called forensic accounting (Grippio,2003). Forensic accountants in ancient Egypt who inventoried the grain, gold and other assets of Pharaohs were called the 'eyes and ears' of the Pharaohs. Another evidence of the existence of forensic accounting is traceable to the year 1817 when the accountants who examined the bankrupt's account was required to testify in the court (Crumbly, 2001). Other sources traced the origin of forensic accounting practice to as far back to the 19th century Scotland when a young Scottish accountant issued a circular advertising his expert in arbitration support in 1824. It was from the late 1800's and 1900's that articles began to appear discussing expert witnessing, evidence arbitration and awards. The phrase 'forensic accounting' was said to have been first published in an article in 1946 by Maurice E. Peloubet, a partner in a New York accounting firm. Peloubet, (1946) explained that, during the war both the public and industrial accountant have been engaged in the practice of forensic accounting.

## **FORENSIC ACCOUNTING EDUCATION**

The prior researches of Rezaee, 2002 and Crumbley 2001 provide evidence that forensic accounting education has evolved from being limited to continuing professional education sessions for practicing accountants to being offered as a credit course by several universities. Buckhoff and Schrader (2000,) posits the addition of forensic accounting course to the accounting curriculum can

greatly benefit the three major stakeholders in accounting education academic institutions, students, and employers of accounting graduates.”

The study of Effiong, 2012 found that there is a very low level of awareness on forensic accounting among undergraduate students basically because of its complete omission or very insignificant place given to it in the curriculum of both the academic institutions and professional examination syllabus of the professional accounting bodies in Nigeria and contend that the adoption of forensic accounting into the universities accounting curriculum would have a huge potential to enhance students skills and competencies that could be used veritable resources to mitigate fraud. The lack of legal framework and statutory recognition of the role of forensic accounting that is similar to the legal status given to financial audit by the Nigerian Companies and Allied Matters Act (CAMA) 2004, has not made it necessary for traditional statutory auditors to incorporate some measures of forensic enquiries into their audit services for effective fraud detection.

### **CONCEPTUAL REVIEW**

Recently, series of fraud have been committed both in the public sector and private sector of the economy. These in no doubt are perpetrated under the supervision of the internal auditors of the organization. It suffices to say that the independent of the internal auditor is not guaranteed because he works as an employee of the government or organization. Then come the idea of external auditors, yet frauds are still being committed on a daily basis.

The above scenario indicated that as more and more development both in the information Communication Technology (ICT) world and other fields, so fraudsters continue to groom their own tactics towards fraudulent practices.

It now become pertinent that forensic accounting be introduced and practices since the external auditors do not or may not have the required training to be able to tackle modern frauds like white collar crimes such as security fraud, embezzlement, bankruptcies, contract disputes and possibly criminal financial transaction; including money laundering by organized criminals, also is the ability of the forensic accountant to provide litigation support and investigative accounting. These areas have become a complex area of concern for the accounting profession.

### **IDENTIFYING THE NEED FOR THIS STUDY**

Forensic accounting in its essence can be related in this study as:

- i) To determine the role of Forensic Accountant in an organization.
- ii) To examine the possibility of reducing the occurrence of fraud cases using Forensic Accounting.
- iii) To identify if Forensic Accountant can help in detecting and preventing fraud in the Public Sector
- iv) To examine if there is significance difference between Forensic Accountants and External Auditors.

The above is necessary to be brought to bear to help solve or answer some questions related to the study which are:

- i) What is the role of Forensic Accountant play in an organization?
- ii) Is there any possibility of reducing the occurrence of fraud cases using Forensic Accounting?
- iii) Can Forensic Accountant help in detecting and preventing fraud in the Public Sector?
- iv) Is there any significance difference between Forensic Accountants and External Auditors?

The study will aid in laying a solid framework for the design and implementation of forensic accounting practices in Nigeria. Since forensic accounting is still new in developing countries such as Nigeria, this study will aid policy makers and other stake holders to draft adequate policies to guide the practice of forensic accounting in Nigeria.

The study will also serve as a guide to student and independent researchers who may have interest in the subject matter. Findings and recommendations from this study will serve as a guide in carrying out other research studies in forensic accounting and fraud detection in organizations.

## **CONCEPTUAL FRAMEWORK FORENSIC ACCOUNTANTS AND AUDITORS**

Forensic accountants and traditional auditors, though have different roles, knowledge and skills, share some common goals that includes the detection of fraud. However, unlike financial audit which, as illustrated in Table 1 below, aims mainly at uncovering (identifying and preventing) material deviation (errors) in financial data and significant variances from acceptable accounting and auditing standards, forensic accounting looks beyond the transactions and audit trail to focus on substances of the transaction instead, with a view to identifying fraud.

Forensic accounting investigations include litigation services related to a variety of situations including business purchases, valuation of divorce assets, property damage, lost profits due to embezzlement and other illegal acts, tax evasion, and money laundering schemes. (Gray 2008).

## **CONCEPT OF FORENSIC ACCOUNTING**

To date, various definitions have been given to describe forensic accounting. Thornhill (1995), posits that forensic accounting discipline is relatively new and that up to date, there has been no formal definition that is being accepted as the standard. Webster's Dictionary defines forensic as "pertaining to, connected with, or used in the courts of law or public discussion and debate". Hence, forensic accounting is closely related to the legal process and has the potential to be involved in proceedings in the civil and criminal courts. Forensic accounting provides an accounting analysis to assist in legal matters which will form the basis for discussion, debate and ultimately dispute resolution. Manning (2002) also defined forensic accounting as the application of financial accounting and investigative skills at a standard acceptable by the courts, to address issues in dispute in the context of civil and criminal litigation.

Bologna and Lindquist (1987) provide the definition of forensic accounting as:

*.... application of financial skills and investigative mentality to unresolved issues, conducted within the context of the rules of evidence. As a discipline, it encompasses financial expertise, fraud knowledge, and a sound knowledge and understanding of business reality and the working of the legal system. Its development has been primarily achieved through on-the job training as well as experience with investigating officers and legal council. p.47*

In the views of Razeq, Crumbley and Elmore (2009), Forensic Accounting is simply a specialty field in Accounting that deals with the identification of financial fraud, and reports in a way that it would be suitable for use in a court of law. Howard and Sheetz (2006) defines Forensic accounting as simply the process of interpreting summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert witness. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation. Forensic Accounting is the fastest growing and highest paying field of Accounting, and with the integration and complexity of the global markets and financial institutions, it would be in greater demand within the next few decades. The needs of governments, regulatory authorities and courts for high level of expertise for the analysis of intricately devised frauds underlie the importance of forensic accounting (Ramaswamy,2005). Forensic accountants provide services in accounting, auditing investigation, damages claims, analysis valuation and general consultation and also have critical roles in divorce, insurance claims, personal damage claims, fraud claims, construction, auditing of publication right and in detecting terrorism by using financial precedence (Hassan &Morteza, 2012).

## **FORENSIC ACCOUNTING PRACTICE, FRAUD ANDCORRUPTION FROM GLOBAL AND NIGERIAN PERSPECTIVES**

KPMG's Fraud Survey (2003) reveals that more corporate entities are experiencing incidents of fraud than in prior years; while more sophisticated measures are being adopted to combat fraud through the launching of new antifraud initiatives and programs that include the deployment of forensic accounting techniques in response to the Sarbanes-Oxley Act of 2002. Price water house Coopers' (PWC, 2003) Global Crime Survey showed that 37percent of respondents in 50 countries

reported significant economic crimes with the average loss per company of \$2,199, 930. These survey results underscore the importance of forensic accounting practice and education. Corruption is considered the bane of the Nigerian society which has dogged the country and plagued all attempts to improve the lives of the citizens (Oyewole, 2007; Nwachukwu, 2010). Although, corruption is by no means exclusive to Nigeria, the prevalence and the amounts involved in Nigeria is mind boggling. (Nwachukwu, 2010). The 2010 Corruption Perception Index of Transparency International which placed Nigeria in the lower quartile of the corruption index with a score of 2.4 on a scale of 0 to 10 seems to have corroborated these views. Ibid. In a very legitimate sense, corruption auditing is expected to remain a major concern of government auditors just as in the same way fraud auditing is to auditors of private establishments. But unfortunately, government auditors have remained significantly dormant in corruption audit methodology development (Khan, 2009). It is the belief of some experts in the financial industry that forensic accounting will increase risk control mechanism and limit fraud vulnerability of companies and corruption in the public sector.

There is a gradual rise in the application of forensic accounting in the investigation of corporate fraud as it took the application of forensic accounting by the Economic and Financial Crimes Commission (EFCC) to unravel the corruption mess in the Nigerian Securities and Exchange (NSE), which was allegedly claimed to have been laden with numerous instances of over-invoicing, gross breaches of financial guidelines, multiple payments, falsification of accounts, illegal sharing of funds and blatant disregard for budgets and expenditure limits. However, while most other countries have been able to reduce the occurrence of financial fraud in both the private and public sectors, the menace is rather on the increase in Nigeria, despite the establishment of the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Economic and Financial Crimes Commission (EFCC), (Efiog, 2012). Nigeria is still ranked very low by the Transparency International Corruption Index. The 2010 survey places Nigeria at the 134th position out of 178 countries that were sampled.

## **FORENSIC ACCOUNTING AND FRAUD DETECTION**

Albrecht, (2005) argued that fraud is rarely seen. He said that the symptoms of fraud are usually observed. The symptoms do not necessarily mean fraud is being undergone as it may be caused by mistakes. The writer advises are mainly to be cautious when fraud is reported as it may be false allegations. Fraud is not easily proven since fraudsters have themselves at a safe line where authority could not convict them. This shows that the author is explaining that the fraud defaulters are getting smarter due to the possible mistakes human can cause. This has made detecting and proving fraud a hard work for a forensic accountant. There is a need for deeper understanding on how these defaulters work their fraudulent act. Without constant involvement of the public and improvement in forensic accounting, fraud cases will be hard to detect and thus lead to greater success in financial fraud, which also translates into the failure to meet the expectations of the public, shareholders or even other stakeholders.

Ramaswamy (2005) states that poor corporate governance and accounting failure is one of the reasons why fraud cases emerge. This is because poor corporate governance will lead to the ability of certain individual or a group of people with the same interest to act upon it to commit fraudulent activities in the company. He also states that the problems within the corporate reporting system as a reason because of lack of well implemented policy of corporate governance. This can be reinforced by the fact that top level management should follow the policies of the firm which will help the company to perform better. The problem comes from the fact that certain corporate leaders do not have positive attitude regarding the policies.

Therefore, lack of honesty and transparency in reporting financial statement is another problem. It is agreeable that an auditor does not have the absolute duty to uncover fraud, but they should practice fair and true reporting to ensure that the interests of the public as well as the employees are protected. With the use of forensic accounting guidelines, auditors can act as forensic accountants in cases of suspicious fraud or criminal activities in a company. Ineffective and inefficient system of internal control which is stated by the author points out that a weak

management cannot be changed with internal control system. Even if a company applies good internal control systems, the management will still be the major factor influencing the implementation. Companies should look towards new approaches rather than follow the traditional approach as forensic accounting may be the next best alternative in resolving problems. Ramazani and Refiie (2010) studied the accountants' perception of prevention methods of fraud. In this research they examined accountants' perception of forensic accounting which demonstrates the low extent of accountant's perception of forensic accounting. Forensic accounting is considered as one of the factors in fraud prevention. (Bierstaker, Brody and Pacini, 2006).

Okoye and Gbegi (2013) carried out a study on the evaluation of forensic accountants to planning management fraud risk detection procedures. The study reveals that forensic accountants effectively modify the extent and nature of audit test when the risk of management fraud is high, forensic accountants propose unique procedures that are not proposed by auditors when the risk of management fraud is high, forensic accountants can make to the effectiveness of an audit plan when the risk of management fraud is high, involving forensic accountants in the risk of management fraud assessment process leads to better results than simply consulting them.

According to the US General Accounting Office (GAO) (1996), there is now a strong emphasis on fraud prevention and detection during statutory audits. In fact the United States and international standards setters have increased the responsibility of auditors to consider the risks of fraud while conducting audits of financial statements. There is even a call for stronger forensic skills in those who perform these audits. This has been collaborated by Enyi (2009) who submits that all normal statutory audits should contain some elements of forensic enquiry as the evidence of fraudulent activities can be easily discovered if a thorough evaluation of the adequacy and compliance of the internal control mechanism is made. All these are aimed at fraud prevention and detection. But, this may not be achieved by an auditor without some understanding of forensic accounting methods (Efiong, 2012).

## **EMPIRICAL REVIEW**

### **THE ROLE AND SKILLS OF FORENSIC ACCOUNTANTS**

An understanding of effective fraud and forensic accounting techniques can assist Professional Forensic Accountants in identifying illegal activity and discovering and preserving evidence (Houck et al 2006). Hence, it is important to understand that the role of a forensic accountant is different from that of regular auditor.

It is widely known that an auditor determines compliance with auditing standards and considers the possibility of fraud. Crumbley and Apostolou (2005), claim that a Professional Forensic Accountant has a single-minded focus on the detection, and deterrence of fraud.

Roche, as cited by Crumbley and Apostolou (2005), describes a forensic accountant as someone who can look behind the faced-out, accept the records, at their face value-someone who has a suspicious mind that (considers that) the documents he or she is looking at may not be what they purport to be and someone who has the expertise to go out and conduct very detailed interviews of individuals to develop the truth, especially if some are presumed to be lying.

Krell (2002) says forensic accounting often involves an exhaustive, detailed effort to penetrate concealment tactics. Stephen Seliskar says, "in terms of the Sheer labor, the magnitude of effort, time and expense required to do a single, very focused (forensic) investigation –as contrasted to auditing a set of the financial statements-the difference is incredible.

The above views imply that the role of Professional Forensic Accountant is different from that of other accountants. They are different in their further education and training of years of experience. In addition, forensic accountant, are closer to being investigators, economists who do economic and market estimation and appraisers-who are typically trained in finance or valuation theory in business.

As an investigator a Professional Forensic Accountant can be seen as those who are specialist in fraud detection, and particularly in documenting exactly the kind of evidence required for successful criminal prosecution; able to work in complex regulatory and litigation environments; and

with reasonable accuracy, can reconstruct missing, destroyed, or deceptive accounting records. Meanwhile, as an economist, they are particularly effective at economic loss, damage and social harm estimates; familiar with the assumptions, algorithm, and calculations in econometric models and opportunity cost scenarios; can measure and quantify such things as loss of goodwill and reputation. Finally, as an appraiser, forensic accountants should be able to reliably express informed opinion on matter of business value, based on generally accepted theory; effective at evaluating the historical and projected degrees of risk and return of any going concern as well as any and all financial transactions involving assets, property taxes, and equities (Bologna and Lindquist, 1995).

Moreover, Bologna and Lindquist (1995) assert that the characteristic that differentiates fraud auditors and Professional Forensic Accountants from regular auditors is the persistence and doggedness to which a suspicion is followed upon. Professional Forensic Accountants may be ordered in by a regulatory agency after receiving notice from an employee whistle blower, or press coverage may make it known that the company has a scandalous ECO or history (Bologna and Lindquist 1995). There are no professional standards for when regular auditors should become whistleblowers, and unfortunately, the involvement of a forensic accountant is almost always reactive. There is a need for more proactive monitoring of the signs of financial crime.

Razae (2002) stated that, furthermore, Professional Forensic Accountants react in response to criminal complaints, statements made in civil litigation, and rumors that come to the attention of authorities. Suspicion should perhaps refer to signs of cover up or disguise class action suits by shareholders may stimulate a forensic accounting investigation, but class-action suits only hurt the corporation, and let the offending CEO go free. Regular auditors, as have been seen, also tend to not make good witness in court, and they sometime are more a hindrance than help for law enforcement. There may be a need for the auditing and assurance professions to change their ways before new, emerging fields move in to fill the gap.

In regard to the above arguments, forensic accounting should play an important role as expert witnesses and fraud investigators. Accordingly, forensic accountant should possess a specific skills and training that enable them to play their roles as expert witnesses and fraud investigators.

The area of forensic accounting, as Houck et al (2006) argue, consists of a rather unique skill set that ordinarily requires additional expertise and training beyond an academic degree in accounting, and beyond being a CPA (Certified Public Accountant), a CFE (Certified Fraud Examiner) or CIRA (Certified Insolvency and Restructuring Advisor). Certifications are good in designating a high degree of professional expertise in rather specialized areas, but further graduate education and continuing education programs in more general fields would be better. More specifically, entry-level fraud and forensic accounting professional should possess knowledge, skills and abilities in the following areas (Houck et al 2006):

1. Criminology specifically oriented to the nature, dynamics, and scope of fraud and financial crimes; the legal, regulatory, and professional environment; and ethical issues.
2. Fraud prevention, deterrence, detection, investigation and remediation in the following areas: asset misappropriation, corruption, and false presentations, financial statement fraud; and fraud and forensic accounting in a digital environment, including computer-based tools and techniques for detection and investigation, electronics case-management tools, and other issues specific to computerized environments.
3. Forensic and litigation advisory services, including research and analysis, valuation of losses and damages, dispute investigation, and conflict resolution (i.e. arbitration and mediation).

Considering the above views, it seems that forensic accounting plays a significant role in preventing and detecting possibilities of fraudulent financial reporting. It can be seen as an attainable effort to improve quality alternative research in accounting.

## CONCLUSION

In conclusion, this study has analyzed why attention has to be given to the question of fraud detection and fraud prevention in public sector in particular with the aid of Forensic Accounting. It

has discussed the Forensic Accounting approach or procedure necessary for detection, prevention of fraud and the type of control to be established in order to control the incidence of fraud in the state. It should be emphasized that whether within the business world or in the public sector, the ultimate responsibility for discouraging and preventing fraud and corrupt practices rests with management.

This study also appreciated some of the reasons why government staff and other public servant engage themselves in fraudulent practices. Also, the role of forensic accountants and the skills they need to possess to be able to contribute their quota meaningfully in achieving the objectives of this study was extensively discussed.

Above all, the study revealed that the use of Forensic Accounting do significantly reduces the occurrence of fraud cases in the public sector, as it equally showed that there is significant difference between Professional Forensic Accountants and Traditional External Auditors in terms of skills and techniques applied in Fraud detection and prevention.

### **RECOMMENDATIONS FOR IMPLEMENTATION**

From the findings of this study, the following recommendations mate;

1. It is herein recommended that Forensic Accounting will provide litigation support service with appropriate provision of professional services in the law courts.
2. Forensic Accounting will institute good corporate governance in the public sector which will install public confidence in the government and the entire system.
3. It is recommended that since the traditional auditing has limitation in detecting fraudulent practices which the forensic accountants will effectively fill. They should have the professional ability back up by law to break into the organization system and examine the books, make discoveries and present the documentary evidences in the law courts.
4. It is recommended that the eradication of economic and financial crime through the adoption of forensic accounting in the system will improve the image of firms under review, since the image of Nigeria in the international community has discouraged foreign direct investment because of economic and financial crime. Because this has effect on development, employment and the standard of living of the people.
5. Because of the effect of detection and prevention of corruption which have given rise to the profession of forensic accounting, it is henceforth recommended that the most important thing companies have to do with regard to fraud is to prevent the crime from being committed.
6. It also recommended that government and regulatory authorities should ensure the provision of standards and guidelines to regulate forensic activities and above all Nigerians should embrace integrity, objectivity, fairness and accountability in their day-to-day activities.

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