

Forensic Auditing and Fraud Management: A Study of Pabod Breweries Limited, Port Harcourt, Nigeria

Abstract

This paper scrutinized the relationship between forensic auditing and fraud management using Pabod Breweries, Port Harcourt, Nigeria as a case study. The primary data employed in the study were sourced from staff of the Pabod Breweries using questionnaires. Percentage and Pearson correlation were the techniques of analysis used in the study. The results of the study indicated that there is a significant positive relationship between forensic auditing and detection of fraud in the private sector. Also, the results showed that a significant positive relationship exists between forensic auditing and fraud prevention in the private sector. Thus, the study concluded that forensic auditing does significantly detect and prevent the occurrence of fraud cases in the private sector. Therefore, the paper recommended that the management of companies should ensure that forensic audits are carried out in their establishments at least once in a year, even if it is not statutorily required, in order to detect fraudulent practices in their organisation. In addition, forensic audit report should be implemented accordingly by the audited organisation in order to prevent fraud and avert white-collar crime in the organisation.

Keywords: Forensic Auditing, Fraud Detection, Fraud Prevention, Nigeria

1. Introduction

Forensic auditing involves an inquiry into the financial affairs of an entity and is often associated with probes into alleged fraudulent activities. Apart from fraudulent situations, forensic auditing could also apply in non-fraud situations, such as resolution of monetary disputes. The forensic auditing process includes planning, gathering evidence(s)/facts, review, preparation of report and submission/communication of the report to the client. In the case of an alleged fraud, the purpose of the investigation would be to discover if a fraud had actually been perpetrated (with evidence(s)); to find out how long the fraud has been committed; to ascertain how the fraud was conducted and concealed by the perpetrators; to identify the perpetrators; to quantify the monetary value of the fraud and to ultimately present findings to the client.

The advent of forensic auditing has resulted in questions aimed at ascertaining whether forensic auditing actually play any significant role towards the attainment of accountability and prevention of fraud, especially the sort that is currently happening in the private sector of the

Nigerian economy. Despite the several legislations put in place to reduce and if possible eliminate the occurrence of fraud, it is worrisome that incidences of fraud have become so widespread that it is fast assuming an epidemic proportion in Nigeria (Okoye, Adeniyi & James, 2019). Most of our sectors, in recent time, failed to recognize that fraud as a phenomenon can be more dangerous when compared to other problems like armed robbery or other physical attacks on assets which can only affect the firm within a short period of time, with no long-term effect on their operations.

However, any significant fraud committed in a firm, does not only affect its financial stability but can severely affect the reputation of the firm, thereby resulting in investor's loss of confidence. In most cases, the directors of the affected companies write off losses of fraud under the common heading of "bad debt", rather than admitting that there have been a general failure to exercise or implement proper safeguards in the system of internal checks and control or managerial negligence in applying or perfecting the appropriate oversight to routine business processes, thereby risking the funds and other assets of the firm. In an attempt to detect and stop/prevent the perpetration of such frauds, forensic auditing was introduced.

Zysman (2004) explained that forensic auditing utilizes accounting, auditing and investigative skills. Strict ethical conducts must be applied by an auditor in order to carry out forensic auditing 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. Also, the possession of enhanced skills aids the forensic accountant in discharging his duties (Okafor & Agbiogwu, 2016).

Recently, series of fraud have been committed both in public and private sectors of the economy. These in no doubt are mostly perpetrated amid the existence of stringent internal control measures. However, the independence of the internal auditor is not guaranteed as he works as an employee of the government or a private organization. Auditing failures to detect fraud and other unethical scandals have become a common phenomenon as fraud is still continuing inexorably in many organisations. It has caused a lot of damages and in some cases crumbled business organisations despite the engagements of external auditing. The problem of the internal control system not being able to combat fraud in the private sector gave way to an alternative, called

forensic auditing, which is believed to be more effective in fraud detection and prevention. It is on this premise that this study intends to establish the relationship between forensic auditing and fraud management using Pabod Breweries, Port Harcourt as a case study.

The main objective of the study is to examine the relationship between forensic auditing and fraud management. The specific objectives are as follows:

- i. To examine the relationship between forensic auditing and fraud detection in the private sector;
- ii. To determine the relationship between forensic auditing and fraud prevention in the private sector.

The following research questions will be answered in the course of this study:

- i. To what extent does forensic auditing relate with the detection of fraud in the private sector?
- ii. What is the extent of the relationship between forensic auditing and fraud prevention in the private sector?

The following hypotheses stated in their null form will be tested:

- H₁: There is no significant relationship between forensic auditing and fraud detection in the private sector.
- H₂: There is no significant relationship between forensic auditing and fraud prevention in the private sector.

Pabod Breweries Limited (the case study) is a Port-Harcourt based brewery that produces Grand Lager beer, Grand Malt, Castle Milk Stout, among others. Pabod was established in 1982 and originally owned by the Rivers State Government. As at the time of establishment, it produced Grand Lager, Grand Malt, Grand Soda and later Bond Super Lager Beer, a special beer made with local raw materials. However, in 1986, it experienced setbacks due to the Structural Adjustment Programme (SAP), which prevented brewers from importing raw materials not readily available in the country thereby forcing many breweries to close. In addition, there were issues of poor management and corruption which contributed to the closure of the brewery in 1996. Pabod came back to operation when a German company, Brewtech, in a joint-venture partnership with the state government resumed production. However, Nigerian Breweries Plc.

sued Pabod for allegedly copying the shape of its Star Lager brand bottle. Pabod won the case in court but Nigerian Breweries appealed and the case is still pending. However, in 2008, SABMiller Plc. struck a deal with the Rivers State government, which allowed it to acquire the majority shareholding in Pabod Breweries and take over shares formerly owned by Brewtech and some shares held by the Rivers State government.

2. Literature Review

2.1 Conceptual Review

Forensic Auditing and the Concept of Fraud

Forensic implies the application of scientific knowledge to legal problems in order to produce evidence usable in a court of law. Forensic auditing and forensic accounting are used interchangeably in literature. In the views of Razez, Crumbley and Elmore (2004), forensic accounting is simply a specialty field in accounting that deals with the identification of financial fraud, and reporting in a way that it would be suitable for use in a court of law. Howard and Sheetz (2006) defines forensic accounting as the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert witness.

Forensic accounting as a discipline and a profession is fast growing in demand. The needs of governments, regulatory authorities, corporate bodies 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, fraud claims, construction, auditing of publication right and in detecting terrorism by using financial precedence (Hassan & Morteza, 2012).

Forensic auditing is a tool that can be used in fraud management through the detection and reduction or prevention of fraud. Forensic audit is seen as summarizing and adapting investigative auditing, criminology, litigation services, and financial skills to uncovering fraud (Enofe, Omagbon, & Ehigiator, 2015). Fraud is rarely seen, but what are noticed are the symptoms, hence, forensic audit provides firms with the necessary tools to detect and deter fraudulent activities (Enofe, Okpako, and Atube 2013). Dada, Owolabi and Okwu (2013) and

Modugu and Anyaduba (2013) found a positive linkage between forensic auditing and fraud reduction. Therefore, forensic audit is a useful tool in fraud detection and reduction. The increasing complexity of fraud requires that forensic auditing be included in the tools required to successfully investigate and prosecute cases of fraud and those involved in fraudulent practices (Njanike, Dube, & Mashayanye, 2009).

The growing demand for forensic audit service is becoming prominent because of the increasing fraudulent practices in businesses and government agencies around the world in recent time. Listed in the fraud scandals that almost swallowed the corporate world are cases of Enron, Arthur Anderson, and WorldCom which have, therefore, brought forensic auditing to limelight (Enofe, et al, 2015). Also, the failure of statutory audit to prevent, detect, and reduce the wrongful, fraudulent, or corrupt use of corporation's financial and non-financial assets and the increase in corporate crime have heightened the need for forensic audit.

Fraud as defined by Nwaze (2012) is a predetermined as well as planned tricky process or device usually undertaken by a person or group of persons with the sole aim of cheating another person or organization to gain ill-gotten advantage which would not have accrued in the absence of such deceptive procedure. Economic and Financial Crimes Commission (2004) defined fraud, in the context of government, as a non-violent criminal and illicit activity committed with the objective of earning wealth illegally either individually or in a group or organized manner thereby violating existing legislations governing the economic activities of government and its administration.

The major categories of fraud include:

- i. Asset misappropriations: This involves the theft or misuse of an organization's assets. Examples of asset misappropriation include skimming revenues, stealing inventory, and payroll fraud.
- ii. Corruption: Corruption entails the unlawful or wrongful use of influence in a business transaction or public dealings to procure personal benefit, contrary to one's duty to his or her employer or the rights of another. Examples of corruption include accepting kickbacks and engaging in conflicts of interest.

- iii. Financial statement fraud and other fraudulent statements: This involves the intentional misrepresentation of financial or non-financial information to mislead others who are relying on it to make economic decisions. Examples include overstating revenues, understating liabilities or expenses, improper asset valuation and making false promises regarding the safety and prospects of an investment.

Forensic Audit in Fraud Detection and Prevention

Fraud is a type of criminal conduct that involves the use of dishonest or deceitful means to obtain some unjust advantage or gain over another (Okoye, Maimako, Jugu, & Jat, 2017). When fraud is discovered within an institution, people wonder how it happened and why the internal auditor failed to detect and prevent the fraud. The cost of fraud to business organizations in recent time is increasing and it is of serious concern to stakeholders. Thus, forensic audit plays a very essential role in the business organizations, as it facilitates the investigation, detection and prevention of fraud and other economic crimes in organizations and the economy in general.

Modugu and Anyaduba (2013) explained that one of the effective techniques employed by forensic auditors in fraud detection is the net worth method. The net-worth technique is good in demonstrating the income of the suspect by using financial analysis to determine the increase in his or her wealth. This is usually done by showing the year to year increase in the wealth of the individual. Through this tool, it can be shown that fraudsters, money launderers, and corrupt bank officials spent money that can be traced to their legitimate income. Another technique of fraud detection is transaction monitoring which is used by forensic auditors to assist institutions and law enforcement agencies to detect and prevent fraudulent practices.

Apart from the net worth method and transaction monitoring, other techniques of forensic auditing includes:

- i. Data Mining: Data mining refers to the processing of information in a view to indentifying patterns and trends to aid decision making. Data mining can either be used to describe a particular occurrence of fraud/other phenomenon or used to predict the

unknown and future occurrences of fraud and other incidents. The techniques of mining as stated by Oyedokun (2016) include:

- a. Regression (Predictive)
 - b. Association Rule Discovery (Descriptive)
 - c. Classification (Predictive)
 - d. Clustering (Descriptive)
- ii. Data Matching: This involves finding corresponding or identical records that relate to the same subject. This could be used to spot duplicated records of a particular transaction.
 - iii. Relative Size Factor: Relative size factor detects unusual data, which may be due to either simple errors or frauds, based on the basic concept that each field in any transaction has a normal range and any data falling outside the range is unusual (outlier) and needs to be further investigated (Bassey, 2018).
 - iv. Ratio Analysis: Ratio analysis is the use of financial ratios to evaluate financial statements of an enterprise in order to ascertain the financial position of the organization. It is a reliable method of discovering financial statement fraud. Comparative ratio analysis could be used to detect discrepancies in a company's financial statement. It could also be used to compare the financial performance of two or more firms.
 - v. Benford Law: This involves the use of numbers (the first digit) to check for conformity in a data series. Benford's law, also called first-digit law, is an observation about the frequency distribution of leading digits in many real-life sets of numerical data (Oyedokun, 2016). When a set of numbers expected to conform to the distribution does not, it could be a sign that the data is wrong or tampered with.
 - vi. Computer Assisted Audit Technique: This is the use of computer software/programme to process data in order to identify irregularities and errors in the data set. It is a reliable audit tool and suitable for large data.

2.2 Theoretical Framework

This research work is based on 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. The theory explains that white-collar criminals have different

characteristics and motives compared to typical street criminals. Sutherland originally presented his theory in an address to the American Sociological Society in an attempt to study crime and the society. He defined white-collar crime as a crime committed by a respectable person with high social status in the course of his occupation (Sutherland 1949, cited in Michael 2004). Sutherland noted that in his time, less than two percent of the persons jailed in a year belong to the upper class. His goal was to prove the relationship between money, social status, and likelihood of going to jail for a white-collar crime, compared to more visible, typical crimes (blue-collar crimes) in the society.

Sutherland described the blue-collar street crimes to include arson, burglary, theft, assault, rape and vandalism which are often blamed on psychological, associational and structural factors. On the other hand, the work specified the white-collar crimes to involve taking advantage of circumstances to accumulate financial gain, embezzlement/misappropriation of funds and changing figures to fraudulently siphon money. The perpetrators of the white-collar crimes are educated, intelligent and affluent individuals who are qualified enough to get jobs that allow them access to large amount of money.

However, the federal Bureau of Investigation (FBI) asserts that white-collar crime refers to 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. On the other hand, the blue-collar crime often involves the use physical force. Fredrichs (2007) stated that the only way one crime differs from another is in the backgrounds and characteristics of its perpetrators. It is alleged that a great deal of white-collar crimes is undetected or if detected, it is not reported. Due to the high status of the perpetrators of these crimes, highly trained and experienced forensic accountants are needed to prevent the occurrence of such high profile frauds. Also, the failure of the traditional audit system in curtailing the menace of official corruption and white-collar crimes necessitates the application of forensic auditing techniques.

2.3 Empirical Review

Mukoro, Yamusa and Faboyede (2013) studied the role of forensic accountant in fraud detection and national security. The population used in the research consists of the staff of Federal Inland Revenue Service (FIRS). The study employed survey research method and the primary data

sourced were analysed using regression technique. The result showed that forensic accountants are relevant in investigating crime and corruption in the public sector. Modugu and Anyaduba (2013) sought to determine if there is a significant agreement amongst stakeholders on the effectiveness of forensic accounting in financial fraud control, financial reporting and internal control quality. The study used survey research design and a sample size of 143 consisting of accountants, management staffs, practicing auditors and shareholders was used. The binomial test employed indicated that there is a significant agreement amongst stakeholders on the effectiveness of forensic accounting in fraud control, financial reporting and internal control quality.

Ehioghiren and Atu (2016) assessed the influence of forensic accounting on fraud management in Nigeria using primary data sourced from 572 respondents using questionnaires. F-Statistics was the method of analysis employed. The results of the study showed that forensic accounting significantly influences fraud detection and control. Also, the results revealed that there is a significant difference between the duties of professional forensic accountants and that of traditional external auditors. Similarly, Osunwole, Adeleke and Henry (2014) examined the influence of forensic accounting on fraud detection and prevention in deposit money banks in Nigeria using primary data. The method of analysis was Linear Regression. The result of the analysis revealed that forensic accounting has a positive and significant influence on fraud detection and prevention which implies that forensic accounting is an antidote to fraud in public and private sectors.

Okafor and Agbiogwu (2016) studied the effects of forensic accounting skills on management of bank fraud in Nigeria. Data were gathered from primary sources. The statistical tool used to test hypotheses was Analysis of Variance (ANOVA) and the result of the analysis revealed that possession of enhanced skills aid the forensic accountant in discharging his duties. Bassey (2018) examined forensic accounting as it affects the management of fraud in microfinance institutions in Cross River State. Both primary and secondary sources of data were used and analyzed using the ordinary least square technique. Results of the analysis showed a negative effect of forensic accounting on fraud. The implication of these signs was that the active engagement of forensic investigation and litigation reduces fraud in the selected microfinance banks in Calabar. The study further revealed that audit failures over decades have prompted a paradigm

shift in accounting and thus concluded that forensic accounting play a significant roles in the prevention of crimes and corruption.

Aigienohuwa, Okoye, and Uniamikogbo (2017) examined the effectiveness of forensic accounting and fraud mitigation in the Nigerian banking industry. The primary source of data was adopted using the 5-point Likert scale questionnaires as the research instrument for data collection from respondents. The findings of the study revealed that forensic accounting, apart from significantly reducing fraud in the banking industry, has helped to improve the internal control system of banks. Raymond, Nkiru, and Jane (2016) studied the impact of forensic auditing in combating fraudulent activities in order to ensure good corporate governance practice in Nigerian banking sector. The survey method of research was adopted and data were collected through the use of questionnaires administered to fifty five (55) respondents from commercial banks in Awka, Anambra State. The study employed the t-test statistical technique of analysis with the aid of SPSS version 20.0. The study revealed that forensic accounting is an effective tool for addressing financial crimes in the banking system. The study further reported that forensic audit is required in ensuring corporate governance in corporate organisations.

Okoye and Ndah (2019) assessed the relationship between forensic accounting practices and the prevention of fraud in manufacturing companies in Nigeria using Ordinary Least Square technique of regression analysis. Primary data collected through the administration of questionnaires were used. The results of the study showed that there is a positive and statistically significant relationship between fraud investigation practices and the prevention of fraud in manufacturing companies. The findings also showed that there is a positive and statistically significant relationship between fraud litigation practices and the prevention of fraud in manufacturing companies.

Using primary data from a sample of 190, Okoye, Adeniyi and James (2019) evaluated the effect of forensic accounting on fraud management of selected firms in Nigeria. Questionnaires were used for data collection. Descriptive statistics and multiple regression analysis were employed. The results of the analyses revealed that forensic accounting significantly influence fraud

detection and prevention. The results also showed that forensic litigation has no significant effect on the recovery of funds lost to fraud.

Ogutu and Ngahu (2016) examined the application of forensic auditing skills in the mitigation of fraud in accounting firms in Nakuru County, Kenya. The study adopted survey research design. The sample size of the study consists of 25 respondents from 25 accounting firms and questionnaires were administered to generate primary data. The OLS regression technique was used in analyzing the data collected. The results of the study showed that forensic accountants should have auditing skills, investigative skills, fraud skills and knowledge of the law.

Enofe, Omagbon, and Ehigiator (2015) examined the impact of forensic audit on corporate fraud in Nigeria. The study employed the survey research method and used questionnaires which were judgmentally distributed to persons knowledgeable in the field of accounting and auditing with a view to harvesting data. Data gathered were analyzed using the Ordinary Least Square (OLS) regression technique. The results of the study showed that forensic audit is an efficient and effective tool against corporate fraud. Also, frequent utilization of forensic audit services would significantly help in the detection, prevention as well as reduction of incidences of fraud in businesses. The study suggested that forensic audit be made statutory for business organizations.

Akenbor and Oghoghomeh (2013) examined forensic auditing and financial crime in Nigerian banks. The population of the study consists of twenty-three (23) employees from the recapitalized banks in Port-Harcourt, Rivers state. A 5-point Likert-Scale questionnaire was the major instrument used for data collection. Data generated were analyzed using frequencies and percentages. The Pearson Correlation was used to statistically analyse the data collected. The findings of the study revealed that the proactive approach to forensic auditing helps in minimizing the risk of financial crimes in Nigerian banks. The study recommends that forensic audit department should be created in Nigerian banks to initiate internal measures for fighting financial crimes; forensic auditing courses should be introduced in Nigerian higher institutions of learning to provide the

necessary skills and knowledge on forensic auditing; forensic audit reports of banks should be made public.

Bassey (2018) studied the effect of forensic accounting on the management of fraud in microfinance institutions in Cross River State. The study used primary data sourced through the administration of questionnaires and analysed using ordinary least square regression technique. The results of the study revealed that the active engagement of forensic investigation and litigation reduces fraud in the selected microfinance banks in Calabar, Cross River State, Nigeria.

3. Methodology

This study adopted the survey research design. Thus, the researchers used questionnaires to collect data from thirty (30) staff of Pabod Breweries Limited who have good knowledge of accounting and auditing.

For validity, the developed questionnaire was presented to a renowned researcher in the field of accounting and finance who meticulously made relevant adjustments to ensure its suitability for the subject of the study. Reliability of the instrument was also tested using Crobach Alpha and the result was 0.89 which implies that the instrument was reliable.

Pearson correlation was employed to estimate the relationship between forensic auditing and fraud management. This was carried out using a two-tailed test at 5% level of significance. The study used primary data gathered through the distribution of 30 copies of questionnaire to respondents in Pabod Breweries Limited. The study recorded a 100% response rate. The primary data collected were presented using tables and percentage.

4. Data Presentation, Result of Analyses and Discussion

4.1 Data Presentation and Results of Analyses

Table 1: Responses of Respondents on the Need of Every Organization to Have a Forensic Audit Carried Out at Least Yearly

Variables	No. of Respondents	Percentage
Undecided	2	7%
Strongly Disagreed	0	0

Disagreed	2	7%
Agreed	16	53%
Strongly Agreed	10	33%
TOTAL	30	100%

Source: Field Work, 2021

Table 1 shows the responses of respondents (in percentage) on the need for every organization to have a forensic audit carried out at least once a year. It shows that 2 respondents which represent 7% were undecided; 2 respondents which represent 7% disagreed; 16 respondents which represent 53% agreed and 10 respondents which represent 33% strongly agreed. Therefore, the analysis shows that every organization needs a forensic audit carried out at least yearly to detect and prevent fraud.

Table 2: Respondents' Responses on Forensic Auditing being the Main Tool for Combating Fraud in the Private Sector

Variables	No. of Respondents	Percentage
Undecided	4	13%
Strongly disagreed	0	0
Disagreed	2	7%
Agreed	18	60%
Strongly agreed	6	20%
TOTAL	30	100%

Source: Field Work, 2021

Table 2 shows the percentage of respondents' responses on forensic auditing being the main tool for combating fraud in the private sector. A breakdown of the result shows that 4 respondents which represent 13% were undecided; 2 respondents which represent 7% disagreed; 18 respondents which represent 60% agreed while 6 respondents which represent 20% strongly

agreed. Therefore, the result indicated that forensic auditing is the main tool for combating fraud in the private sector.

Table 3: Responses of Respondent on Forensic Auditors Helping in Detecting Fraud in the Private Sector

Variables	No. of Respondents	Percentage
Undecided	1	3%
Strongly disagreed	2	7%
Disagreed	2	7%
Agreed	18	60%
Strongly agreed	7	23%
TOTAL	30	100%

Source: Field Work, 2021

Table 3 shows the responses of respondents on forensic auditors helping in detecting fraud in the private sector. The result shows that 1 respondent which represents 3% of the population was undecided; 2 respondents which represent 7% strongly disagreed; 2 respondents which represent 7% disagreed; 18 respondents which represent 60% agreed while 7 respondents which represent 23% strongly agreed. Therefore, the result pointed to the fact that forensic auditors help greatly in detecting fraud in the private sector.

Table 4: Response of Respondents to the Statement that all Organizations Should Have a Forensic Audit Department for the Detection of Fraud

Variables	No. of Respondents	Percentage
Undecided	3	10%
Strongly disagreed	0	0
Disagreed	3	10%
Agreed	18	60%
Strongly agreed	6	20%

TOTAL	30	100%
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Source: Field Work, 2021

Table 4 shows the percentage of respondents responding to the statement that all organizations should have a forensic audit department for the detection of fraud. It shows that 3 respondents which represent 10% were undecided; 3 respondents which represent another 10% disagreed; 18 respondents which represent 60% agreed and 6 respondents which represent 20% strongly agreed. Therefore, the analysis indicated that all organizations should have a forensic audit department for the detection of fraud.

Table 5: Respondents' Response to Whether the Standard of Forensic Auditing Should be Given Prior Attention in the Private Sector in Order to Effectively Prevent Fraud

Variables	No. of Respondents	Percentage
Undecided	4	13%
Strongly disagreed	0	0
Disagreed	0	0
Agreed	21	70%
Strongly agreed	5	17%
TOTAL	30	100%

Source: field work, 2021

Table 5 shows the responses of respondents to whether the standard of forensic auditing should be given prior attention in the private sector in order to effectively prevent fraud. The analysis shows that 4 respondents representing 13% were undecided; 21 respondents representing 70% agreed and 5 respondents representing 17% strongly agreed. Therefore, the result of the analysis indicated that the standard of forensic auditing needs to be given prior attention in the private sector in order to effectively prevent fraud.

Table 6: Respondents' Responses to the Possibility that Forensic Auditing will Prevent the Increased Occurrence of Fraud in the Business Organization

Variables	No. of Respondents	Percentage
Undecided	4	13%
Strongly disagreed	0	0
Disagreed	0	0
Agreed	20	67%
Strongly agreed	6	20%
TOTAL	30	100%

Source: field work, 2021

Table 6 shows the response of respondents to the possibility that forensic auditing will prevent the increased occurrence of fraud in the business organization. The Table shows that 4 respondents which represent 13% were undecided; no respondent disagreed; 20 respondents which represent 67% agreed and 6 respondents which represent 20% strongly agreed. From the analysis, it is deduced that there is high possibility that forensic auditing will prevent the increased occurrence of fraud cases in the business organization.

4.2 Test of hypothesis

Hypothesis One:

H₀: There is no significant relationship between forensic auditing and fraud detection in the private sector.

H₁: There is a significant relationship between forensic auditing fraud detection in the private sector.

This hypothesis was tested using the Pearson correlation coefficient. The result of the correlation analysis is presented in Table

Table 7: Result of Pearson Correlation between Forensic Auditing and Fraud Detection

		Forensic Auditing	Fraud Detection
Forensic Auditing	Pearson Correlation	1	.958 ^{**}
	Sig. (2-tailed)		.000
	N	30	30
Fraud Detection	Pearson Correlation	.958 ^{**}	1

Sig. (2-tailed)	.000	
N	30	30

** . Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS 20

From the result presented in Table 7, the relationship between forensic auditing and fraud detection is positive with a coefficient of 0.958, statistically significant at 1% level.

In view of the result as shown in Table 7, the null hypothesis is therefore rejected while the alternative hypothesis which states that there is a significant relationship between forensic auditing and fraud detection in the private sector, is therefore accepted.

Hypothesis Two:

H₀: There is no significant relationship between forensic auditing and fraud prevention in the private sector.

H₁: There is a significant relationship between forensic auditing and fraud prevention in the private sector.

In order to test Hypothesis Two, the Pearson correlation coefficient was used for the assessment of the relationship between forensic auditing and fraud prevention. The result of the analysis is presented in Table 8.

Table 8: Result of Pearson Correlation between Forensic Auditing and Fraud Prevention

		Forensic Auditing	Fraud Prevention
Forensic Auditing	Pearson Correlation	1	.966**
	Sig. (2-tailed)		.000
	N	30	30
Fraud Prevention	Pearson Correlation	.966**	1
	Sig. (2-tailed)	.000	
	N	30	30

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output, 2021

As shown in Table 8, the relationship between forensic auditing and fraud prevention is statistically significant at 1% level. The correlation coefficient of 0.966 is very high depicting a strong positive relationship between the variables.

We therefore reject the null hypothesis and accept the alternative hypothesis which states that there is a significant relationship between forensic auditing and fraud prevention in the private sector.

4.3 Discussion of findings

The results of the study revealed that there is a significant positive relationship between forensic auditing and the detection of fraud in the private sector. This finding agrees with the studies of Osunwole, Adeleke and Henry (2014) who established that forensic accounting has a positive and significant influence on fraud detection and prevention.

The findings of the study also show that there is a significant positive relationship between forensic auditing and prevention of fraud in the private sector. This result is vividly in support of the fact that where there is a wide range of investigation into the financial affairs of an entity, even when it is not statutorily required, the perpetrators are compelled to have a rethink and possibly desist from involvement in fraud. The result is in line with the findings of Bassey (2018) which indicated that forensic accounting play a significant role in the prevention of fraud.

5. Summary of Findings, Conclusion and Recommendations

The findings of the study have shown that:

- i. A significant positive relationship exists between forensic auditing and detection of fraud in the private sector.
- ii. A significant positive relationship exists between forensic auditing and fraud prevention in the private sector.

In conclusion, forensic auditing does significantly detect and prevent the occurrence of fraud cases in the private sector. Thus, forensic auditing is an effective tool in revealing fraudulent practices (such as, misappropriated assets, fraudulent insider transactions, et cetera) and preventing the occurrence of fraud in order to save the business organization from ruin.

Thus, the following recommendations were given:

- i. Companies should ensure that forensic audits are carried out in their establishments at least once in a year, even if it is not statutorily required, in order to detect fraudulent practices in the organization.
- ii. Forensic audit report should be implemented accordingly by the audited organisation in order to prevent fraud and avert white-collar crime in the organization.

COMPETING INTERESTS DISCLAIMER:

Authors have declared that no competing interests exist. The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

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