

**EMPIRICAL ANALYSIS OF FORENSIC ACCOUNTING
TECHNIQUES IN CURBING CREATIVE ACCOUNTING
IN NIGERIA**

**MOSES, AGUVA ISAAC
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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
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SCHOOL OF POSTGRADUATE STUDIES,
SALEM UNIVERSITY, LOKOJA.**

APRIL, 2019.

CERTIFICATION

This is to certify that this thesis work was carried out by me for the partial fulfillment of the requirements for the award of a Master of Science (M.Sc.) degree in accounting.

.....
Thesis Supervisor	Signature	Date
.....
Thesis Coordinator	Signature	Date
.....
Head of Department	Signature	Date

DECLARATION

I declare that this thesis is a product of an original research work conducted by me. It has not been presented for the award of any degree in any University. The ideas, observations, comments, suggestions and expressions here in, represent my own convictions except quotations which have been acknowledged in accordance with conventional academic traditions.

MOSES, AGUVA ISAAC
APRIL, 2019.

DEDICATION

This research work is dedicated to Almighty God, who is the giver of wisdom, knowledge and understanding.

Also, to my parent,, my precious wife, Moses Angela, my children, Onozasi, Ataba and Onize for their support and understanding.

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ABSTRACT

This study empirically examined the role of forensic accounting techniques in curbing creative accounting. The sample size of the study was estimated using Walpole formula. The data of the study were generated from primary and secondary sources. The questionnaire was the major instrument for primary data collection. The instrument was subjected to both content and faces validity by experts. Reliability test was conducted using cronbach's Alpha and the value of 0.90 was delivered. Three research questions were raised giving three hypotheses which were tested with the results obtained from primary data that evolved from the survey. The questions were Likert Structured. And the result of responses were organized using tables to arrange the responses in Columns and Rows and tested with one way ANOVA using SPSS version 23.0 statistical package. The result of the tests suggests that we reject the three stated hypotheses, giving rise to the findings that the techniques used by forensic accountants have helped in curbing creative accounting, the skills of the forensic accountant have aided the prevention of creative accounting, and that the emergence of forensic accountants have restored confidence in credibility of corporate firms and their report.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Forensic accounting has its root dated as far back as the early 1800's to Glasgow, Scotland. In the early 1900s, the Federal Bureau of Investigation (FBI) used forensic accountants to snare criminals such as Al Capone. Yet, forensic accounting as a profession remained unknown relatively until the recent large number of high profile corporate scandals, financial and economic crimes and stricter reporting and internal control regulations increases its public awareness and value in the business world.

Forensic accounting approach was developed in the United States; it was initially used by government agencies such as the FBI, Control Intelligence Agency (CIA) and Internal Revenue Service (IRS) to detect fraud (Brown, M. 2008). Forensic accounting has vastly grown since the Enron scandals blew up in public in 2000. After the scandals, there was awareness that the conventional audit and accounting practices are not sufficient enough (Silverstone, 2004). The consequence of the awareness was the new bills passed in United States Congress known as "Sarbanes-Oxley" Act 2002. The bill promulgated a new audit approach which focused on fraud detection and established public accounting oversight board (PCAOB) to oversee public accounting firm practice.

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. Examples of such fraud cases are attached to the appendix of this project work. Forensic accounting is the application of financial skills and investigative mentality to unsettled issues, conducted within the context of the rules of evidence (Arokiasamy & Cristal, 2009).

Bologna and Lindquistn (2000) 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. Great financial frauds at the beginning of this century has imposed the need for deeper investigation of irregularities in the area of financial reporting. In many quarters, forensic accounting is equated to financial audit but they are miles apart. Forensic accounting is usually described as the integration of accounting and auditing skills with investigative techniques and professional skepticism. Alan Zysman, a noted forensic accountant since 1987, states, Forensic accounting provides an accounting analysis that is suitable to the court which will form the basis for discussion, debate and ultimately dispute resolution.” (Hecht & Redmond, 2012).It deals with sensitive matters that involve complex financial matters, incomplete records, deception, lawyers, enforcement agencies and the legal system (www.deloitte/forensicaccountinginvestigation.htm). Amat and Gowthorpe (n.d) posit that the potentials for creative accounting exists in six major areas: a dearth of regulation, the timing of some genuine transactions, regulatory flexibility, the use of artificial transactions, a scope for managerial judgment in respect of assumptions about the future and the reclassification and presentation of financial numbers. One area of similarity is the provision in the Statement of Auditing Standard (SAS 1) that requires an auditor to approach his assignment with ‘professional skepticism’ which requires auditors to adopt a questioning mind and a critical assessment of audit evidence in assessing audit risk of fraud (Ojo, 2012).

Creative accounting is not a new phenomenon. The practices of creative accounting started since the industrial revolution and continued up to these days, but these practices increased since in the early 18th century. As a result of the practices of creative accounting, several large firms failed and closed over the world.

Several terms appeared to express the effect of management on the amounts of items included in the financial statements. Those terms are: accounting manipulation, fraudulent reporting, income smoothing, earnings management, and creative accounting.

The questionable issue is why and how managements may practice creative accounting. A financial statement is a summary of all financial events that occurred in a particular firm during an accounting period. These statements are supposed to be prepared based on the GAAP. The GAAP determine contents, items, order, form,

measurement methods, and the time of recognition. Managements of firms are responsible for the preparation and for the contents of these statements through its determination of the accounting methods and procedures that accountants of firms can use to prepare these statements. Managements of some firms attempt to practice what is called creative accounting.

Sometimes, managements may exploit the available high degree of flexibility in the accounting standards, such as the selection among the available methods of depreciation in determining the annual depreciation expense in order to reduce the total amount of expenses, and therefore, increase the amount of income. The selection among the available methods of inventory valuation sometimes appears appropriate by some management to increase inventory, so overvalued inventory leads to higher amount of income. The growing demand for forensic accounting is a known characteristic of most companies in the world

1.2 Statement of the problem

In August 14 2009, the military minded analyzed and called what happened to ten banks in Nigeria “a smoking gun at CBN” (Central Bank of Nigeria) following adverse findings reported after investigation by joint inspectors from Central Bank of Nigeria and Nigerian Deposit Insurance Corporation (NDIC). Among the findings was that their balance sheet had been creatively prepared to give a false picture. To bail out the banks and protect depositors and investors interest, the CBN had to inject #620 billion of funds. CBN annual report 2009(p33)

The Enron Saga revealed that its officers had used creative accounting practices to conceal about \$600 million in net losses over a period of three years 1997-2000 which led to a crisis of confidence in the stock market. WorldCom another American giant used creative accounting to re-classify and amortize revenue expenses amounting to \$3.85 billion over a long period of the time consequently the company went for chapter 11 bankruptcy protections. There are many corporate entities misadventures typified by such practices of using doubtful and questionable accounting practices to conceal huge losses, concealing extensive borrowing by keeping them off the balance sheet and consequently overall fraudulent reporting.

The anti-corruption group, Transparency International has consistently ranked Nigeria among countries most riddled with corruption. It described Nigeria as a Gangster's Paradise where you pay a bribe to see a key official in many an establishment. You pay a bribe to get a job. You pay a bribe to get the passport that is yours by birthright. If you do not give or collect bribes, you remain poor and an object of scorn despite your several degrees and cognate experience until Providence intervenes for you" (TI, 2000). Other HDI for Nigeria include: Life expectancy 51.9 years; Education index 0.442; Multi-Dimensional Poverty Index 0.310; and Gross National Income per capita 2,069. Current statistics reveal that 1% of Nigeria's population, enjoy the privileges of 80% of its oil wealth. Thus, 99% of the populations have barely 20% of the overall wealth to struggle over; therefore Fraud is systemic in Nigeria with the ordinary citizen being compelled to be a liar, a cheat or an outright thief. Fraud has stultified growth and national development, subverted the nation's values and norms, generated a culture of illegality and impunity in public service, and frittered away the promise of the nation's future. Today, the nation faces the trauma of a State whose date with destiny has been put on hold, for reasons that are completely self-made, and completely avoidable.

According to Osisioma (2012) the global financial meltdown was made possible because there was a failure on the part of gate keepers including the auditors. This has brought the indispensable corporate accountant into disrepute and ridicule and a crisis hour for the accountancy profession. New face of crime is mitigated by well-articulated and professionally executed central schemes of an investigative, auditing and accounting nature? Ofcourse this led to a development of regulatory landscape for accountancy profession with new emphasis on forensic accounting. Accounting procedure simply makes historic reporting or recording while auditing verifies and validates the accuracy of such recording. The auditor by the scope of his work cannot pontificate with any level of finality that fraud has occurred or not

In Nigeria, there is a group of studies that have been devoted to providing an understanding of the reasons for the rising spate of fraud and fraudulent activities and their incidences (Okoye & Akamobi, 2009; Owojori & Asaolu, 2009; Izedomin & Mgbame, 2011; Kasum, 2009). Indeed, Modugu and Anyaduba (2013) submitted that financial irregularities have become the specialty of both private and public sector in Nigeria as individual perpetrates fraud and corrupt practices according to the capacity of their office. Consequently, there is a general expectation that forensic accounting may be able to stem the tide of financial malfeasance witnessed in most sectors of the Nigerian economy. However, there has not been adequate emphasis, especially survey evidence on how forensic accounting can help curtail creative accounting beyond the several general views that abound. Consequently, this present study fills this gap that exists in the empirical investigation of the extent to which forensic accounting can help to curb creative accounting, with specific focus on North Central Nigeria. North central of Nigeria is used as the focus of study for this research work because of its proximity and the nature of work of the researcher.

In the face of burgeoning cases of fraud and malfeasance in organizations and nation states, it becomes important to empirically examine the techniques of these “Fraudulent reporting messiahs” so as to determine the efficacy of such techniques and skills on their mission of providing “financial reporting real” to the world and wiping the stigma on the accounting profession.

1.3 Objectives of the study

The main objective of this study is to examine empirical analyses of forensic accounting techniques in curbing creative accounting.

The specific objectives of this study include:

- i. To examine the techniques used by the forensic accountants with the view to determine if they are capable of curbing creative accounting.
- ii. To examine the effectiveness of the skills of the forensic accountant to determine if these skills are capable of preventing the practice of creative accounting; and
- iii. To examine if the emergence of forensic accountant has restored confidence in the credibility of corporate firms and their report.

1.4 Research questions

Below are the research questions used for this research work.

- i. To what extent has forensic accounting techniques helped in curbing of creative accounting?
- ii. To what extent has the skill of the forensic accountant aided in the prevention of creative accounting?
- iii. To what extent has the emergence of forensic accounting restored confidence in the credibility of corporate firms and their report?

1.5 Statement of hypotheses

Below are the null statements of hypotheses used in this research work;

1. **H₀** Techniques used by forensic accountants have not helped in curbing creative accounting.
2. **H₀** The skills of the forensic accountant have not aided the prevention of creative accounting.
3. **H₀** The emergences of forensic accountants have not restored confidence in credibility of corporate firms and their reports.

1.6 Significance of the study

This study will be of great significant value to many corporate organizations. It will provide an insight in to organization by using forensic accounting techniques in curbing creative accounting. The researcher believe that interested parties reading it will gain an appreciation of the nature of fraud occurring in various organization, the skill required to discover them and the best approach to curb creative accounting in our society.

The beneficiaries of forensic accounting information are as follows;

1. Corporate investigator. Forensic accountant serves as intermediaries between corporate investigators and individuals that are affected by the rumours with the aims of engaging in meaningful discussion that would produce appropriate evidence. Knowledge of forensic accounting will help the investigator in detail evidence gathering that could be presented in law court.
2. Insurers. Both the insured and the insurers rely on forensic Accountant to evaluate the integrity and the quantum of the amount involved in the claim. This is common in cases involving the calculation of losses arising from business losses, personal injuries claim and fidelity bonds. This is also made easy by involving the services of forensic Accountant.
3. Criminal investigators. The information provided by Accountants and Auditors are considered as expert witness information that can be used in court when deciding on criminal matters like; investment scam, fraud arson, stock market manipulations etc. The report to be presented in the court of law should be done by forensic Accountant.
4. Litigation supporters. Lawyers working on litigation like bankruptcy supplied by the forensic Accountants to serve as evidence of financial loss of a party or gain another.
5. Government agents. Governments bank on the services of forensic Accountants to ensure that companies comply with relevant regulations and laws
6. Private investigators. They employ the services of forensic Accountant to provide credible evidence that can be tendered in the court of law.

The study will contribute to existing literature and enhance students' and other researchers, the theoretical and practical knowledge on the efficacy of forensic accounting technique in curbing creative accounting.

1.7 Scope/ delimitation of the study

This research study covers the empirical analysis of forensic accounting techniques in curbing creative accounting. As regards forensic accounting techniques, it covers such areas as: auditing, value for money, data mining, and detection of early warning signs. While for the skills, it covers areas as psychology of investigation, sound knowledge of accounting, sound knowledge of criminal and civil law, sound mind of enquiry, and creativity skill, among others. Data on these factors were collected from accounting practitioners in the North Central States of Nigeria (Benue, Kogi, Kwara, Nasarawa, Niger, Plateau)

1.8 Limitations of the study

This study made use of survey method to gather information from practicing and experts of accounting in North central States of Nigeria in particular. One of the challenges that confronted this study is the fact that these professionals are usually busy with work, and therefore constraint with time to respond to questionnaires. Another limitation is born out of the nature of the study, which limits the responses that respondents can provide during survey. Using a closed-ended questionnaire format, as intended in this study, respondents will be forced to provide certain categories of responses, thereby limiting the range of responses provided by respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with review of related literatures. It is broken down into three segments respectively. Namely; Conceptual framework, theoretical and review of empirical studies.

2.2 Conceptual frame work

The Webster's dictionary defined "Forensic" as belonging to use in or suitable to a court of judicature or to the public discussion or debate. While accounting is commonly defined as "the art of recording, classifying, summarizing and interpreting monetary transaction and event of a financial character".Izedomi (2000), defines auditing as an Independent examination and expression of the financial statements of an enterprise prepared by the management of that enterprise, by an appointed person, called auditor, other is express a professional opinion whether financial statement show a true and fair view position of the enterprise as at the end of the financial period.

2.2.1 Forensic accounting is a rapidly growing field of accounting that describes the engagement that results from actual or anticipated dispute or litigations. "Forensic" means "suitable for use in a court of law", and it is to that standard Forensic Accountants generally work. Forensic Accounting is an investigative style of accounting used to determine whether an individual or an organization has engaged in any illegal financial activities.

The forensic accountant could be called the "Bloodhounds" of the accounting profession, the nose -to-the – ground financial investigator who sniffs out complex fraud plots and other fiscal Shenanigans that often go undetected by the other breads within the accounting field (Voght, 2003).

Forensic accountants search for financial Shenanigans by using a mix of accounting law, computer technology, ethics and criminology (Voght, 2003). Companies in Nigeria, even" Government ministries and parastatals operate in the same global economy and information technology environment, and as a result of the growth trend of the banking industry especially, there is therefore the need for services of the forensic accountant. The forensic accountant can be engaged in public practice or retain by lawyers, banks and insurance companies, the law enforcement agency, the court and the business community. A capable forensic accountant should, nevertheless possess certain characteristics, these include: independence, confidence, sound professional judgment, thoroughness, creativity and sensitive (Hills, 2004).

Gray (2008) summarised that forensic accounting professionals can be regarded as a combination of auditors and fraud investigators, and forensic accountants are known for utilizing special talents in auditing, finance, accounting, law and criminology to analyse and assess evidence of fraud. In the same vein, Gramling(2012) argued that forensic accounting can be regarded as one of the specialty fields of the accounting science and can be defined as the extension of auditing that primarily concentrates on well-established investigation of situations, where corporate frauds have already been detected or corporate frauds are highly doubted. Indeed, Ozcan (2018) summarised that Forensic accounting has successfully evolved to meet the changing needs of firms that have suffered from corporate fraud. While Khersiat (2018) equally summarised

forensic accountants are primarily that charged with the responsibilities of detecting financial fraud in financial statements, as they objectively, professionally and appropriately conduct an in-depth examination of fraudulent activities, with the aim of unraveling fraudulent manipulations.

According to Thomas Levanti (2011), A Forensic Accountant is indeed part investigator, part auditor, part attorney and part accountant. A Forensic Accountant reviews evidence, conducts analysis, interviews involved parties and draws conclusions. A Forensic Accountant prepares each case as if it will result in litigation in the future. Forensic Accountants are usually retained after an alleged fraud has taken place to assess the extent of a fraud and to bring those responsible to justice. Forensic Accountants are frequently called upon to provide expert testimony on fraud and accounting-related matters. Forensic Accountants can also be used to set up proactive fraud prevention programs.

Forensic Accountants can trace their roots back to America's Prohibition days. Al Capone, one of the most famous gangsters of the 20th century was prosecuted for tax evasion with the use of a Forensic Accountant by the Internal Revenue Service. Today, Forensic Accountants in their expanded role can be relied on to work on all types of cases where having knowledge of accounting principles and investigations has been applied to some of the biggest cases ever, including terrorism and corporate fraud cases, especially in light of 9/11 and Enron. A Forensic Accountant possesses the knowledge and expertise to interpret financial statements or to work under circumstances where financial information has been destroyed or tampered with, necessitating the recreation of information to determine if inappropriate actions have taken place.

2.2.2 Link between forensic accounting and forensic science.

Forensic accounting is concerned with the application of auditing, accounting and analytical skills to aid legal matters. Forensic accountants who are also known as forensic auditors provide proof or verify the evidence at the trial. Forensic science is the use of a variety of sciences to give the answer for legal questions that are connected with crime or civil actions.

Source: <http://entrance-exam.net/difference-between-forensic-accounting-and-forensic-science/#ixzz5rCQXRpCP>

Forensic accounting is the area where data is provided by experts at trials that result from disputes or lawsuits. Forensic Science is the field in which substantial proof is gathered for the study of DNA (Deoxyribonucleic acid), blood spill and other evidence. This is used to make a theory on the crime scenes, the victims and the criminals. While forensic accounting includes areas like Financial Accounting/ Frauds, Criminology and Ethics, Fraud Investigation, Legal Framework for Forensic Accounting, etc, Forensic science is concerned With analyzing the criminal evidence found at the scene or on a victim. The evidence thus gathered is reported as testimony either in court or to officials of law.

Source: <http://entrance-exam.net/difference-between-forensic-accounting-and-forensic-science/#ixzz5rCQCDvOP>

2.2.3 Forensic science

Schafer (2008) noted that the Forensic science deal with the application of a broad spectrum of sciences which answer questions of interest to a legal system. This may be in relation to a crime or a civil action. Shorter Oxford English Dictionary noted that the word forensic comes from Latin Forensis, meaning of or before the forum. In Roman times, a criminal charge meant presenting the case before a group of public, individuals in the forum. Both the person accused of the crime and the accuser would give speeches based on their side of the story. The individual with the best argument and delivery would determine the outcome of the case. This origin is the source of the two modern usages of the word **forensic**- as a form of legal evidence and as a category of public presentation (Schafer. 2008).

Hopwood, Leinerand Young (2012) define forensic science or forensics as the application of science to legal matters. They said that one of the earliest applications of forensic sciences dates back to the 17th century when fingerprints on loan documents were used to prove debtors' identities. Since that time, forensic has become much more sophisticated, especially with the explosion of scientific knowledge in the 20th century.

According to Hopwood, Leinerand Young (2012) Forensic science has numerous branches, many of which are important to forensic accountant. These include the following:

- a) Forensic ballistics : These deals with firearms
- b) Computer forensics : These also deals with computer technology
- c) Criminalistics: Its deals with the collection, processing and analysis of crime scene evidence;

2.2.4 Creative accounting: The term “creative accounting” was first used in 1968 in the film *The Producers* by Mel Brooks (<http://chaumurky.net/criterion/indept-184.html>). When no fraud is involved, creative accounting in its strict sense involves the transformation of financial accounts using accounting choices, estimates and other practices allowed by accounting regulations. Ghosh (2010) defined creative accounting as the transformation of accounting figures from what they actually are to what perpetrators desire by taking advantage of the existing rules and/or ignoring some or all of such rules/guidelines. They are, therefore, accounting practices that may or may not follow the letters of the rules of standard accounting practices but certainly are far from the spirit of those rules. Sen and Inanga (2005) see creative accounting as referring to accounting techniques in which financial information is distorted by window-dressing and various manipulations. This is done to present, theoretically, a better financial picture by either increasing or reducing profit as the case may be, by putting forward a misleading appearance of capital size or structure and by concealing relevant information from existing or potential investors.

Creative accounting is not a new phenomenon. The practices of creative accounting started since the industrial revolution and continued up to these days, but these practices increased since the starting of 1980s of the previous century. As a result of the practices of creative accounting, several large firms failed and closed over the world.

Several terms appeared to express the effect of management on the amounts of items included in the financial statements. Those terms are: accounting manipulation, fraudulent reporting, income smoothing, earnings management, and creative accounting.

The accounting process consists of dealing with many matters of judgment and of resolving conflicts between competing approaches to the presentation of the results of financial events and transactions... this flexibility provides opportunities for manipulation, deceit and misrepresentation. These activities - practiced by the less scrupulous elements of the accounting profession - have come to be known as 'creative accounting.

Terry Smith reports on his experience as an investment analyst: noted 'We felt that much of the apparent growth in profits which had occurred in the 1980s was the result of accounting sleight of hand rather than genuine economic growth, and we set out to expose the main techniques involved, and to give live examples of companies using those techniques.

Kamal Naser, presenting an academic view, offers this definition: Creative accounting is the transformation of financial accounting figures from what they actually are to what preparers' desire by taking advantage of the existing rules and/or ignoring some or all of them.

According to Rosner (2003), he mentioned that accounting manipulation and fraudulent are two similar terms that represent management intent to interfere the measurement and disclosure of accounting transactions and items of the financial statements, even though the accounting standards do not permit these practices. Rosner also mentioned that earnings manipulation is a studied selection methods of the operating, financing, and investing operations.

Moreover, he mentioned that such selection of accounting methods and policies is permitted by accounting standards, so this selection should be disclosed to users.

Bolkaoui (2004), mentioned that creative accounting is the process of converting accounting numbers from its actual value toward a desired value by management, whereas, income smoothing is an intended smoothing of the announced number of income by management in order to decrease the variations in income from period to period, therefore, income appears at its normal amount.

The role of forensic accountants under contemporary conditions is very important. It stems from the need for identifying and analyzing certain causes of fraud appearance as well as the jobs and tasks that forensic accountants perform.

2.2.5 Fraud

According to Wells(2007), fraud is seen as street crimes involving randomness, violent act, or very little to no advance planning, fraud requires planning, organization, trickery and false representation. In Black's Dictionary of Law, Garner (2004) defined fraud as "A knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment" while the epistemology of the first occurrence of fraud is arguable, the historiography of the original law that formed the basis of fraud legislation in Nigeria and elsewhere in the United State was the statute of frauds law enacted in England I n 1977 (Charles II, 1819). This law sought to prevent fraud and perjuries (Garner, 2004).

The founder of the Association of Certified Fraud Examiners and former FBI investigators explained that fraud is a social phenomenon (Wells, 2004). In the larger context of criminology, crime and delinquency were understood as social phenomena (Sutherland, Cressy, & Luckenbill, 1992; AbdulRahman, 2011). By itself, crime is considered a complicated phenomenon (Lilly, Cullen, & Ball, 2002). Bases on

research studies on the typology of fraud, several categories emerged. Albrecht and Albrecht, (2004) noted One typology characterized fraud as

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

Another notable typology involving white-collar crime contained three broad categories:

- i) Theft crimes
- ii) Public crimes
- iii) Regulatory crimes

According to Keshi (2011), economic and financial crimes that are common in Nigeria include illegal bunkering, terrorism, embezzlement, racketeering, others include official corruption, arson, extortion and blackmail, bribery, murder, assassinations, 419, illegal arms trafficking, tax evasion, insider trading and market manipulation (stock markets), smuggling and export control violations, trafficking in human beings, smuggling of migrants (eg Women & Children) counterfeiting (currency, product, intellectual property, piracy e.t.c), round tripping of foreign exchange and conspirators who facilitate money laundry. In addition to what Keshi provided, others are procurement fraud and inflated contract price (Jugu, 2007). A deliberate and purposeful war against corruption and other related offences began with the enactment of the ICPC Act of 2000, followed by the EFCC Act of 2004 in Nigeria. Unfortunately, the impact of these Acts and their commissions are not well felt by Nigerians.

2.3 Theoretical framework

Theories build one upon another as new facts emerge from studies prompted by the reigning theories. In criminology (as in virtually all the social science) theories competes one with another for acceptance. Chukwuemeka (2003) contends that the test of a theory is the degree to which its formulation seems congruent with our own perception of real world situation. Theories therefore equip us with a way of looking at reality. However, there have been a number of the theorists who have attempted to explain this. The basic theory that has been established in this research work is “White collar crime theory by Sutherland (1949) as cited in Michael (2004).

To build upon prior research and establish a conceptual framework, the investigators of this study also focused on relevant theories related to expected criminal behavior and how to manage it, they are as follow:

1. Theory of the Fraud Diamond
2. Differential Association Theory of Crime
3. Fraud Management Theory

2.3.1 Theory of the fraud diamond

Wolf and Hermanson (2004) proffer the Theory of the Fraud Diamond, in place of the triangle. They argue that the diamond offers a better view of the factors leading to fraud. They add a fourth variables, capacity, to the three-factor theory of Cressey. Capabilities mean that, the fraud perpetrator must have the necessary traits, abilities, or positional authority to pull off his crime.

Figure 2.1The Fraud Diamond



Source: *Wolf and Hermanson (2004)*

Theory of fraud Diamond offers a better view of the factors to fraud. The theory adds fourth variable, capabilities, to the three factor theory of fraud triangle. Wolf and Hermanson believed many frauds would not have occurred without the right person with the right capabilities implementing the details of the fraud. They also suggested four observation traits for committing fraud; First, authoritative position or function within the organization, Second capacity to understand and exploit accounting systems and internal control weakness, Third, confidence that he/she will not be detected or if caught he/she will get out of it easily, Fourth, capability to deal with the stress created within and otherwise good person when he or she commits bad acts.

2.3.2 Differential association theory of crime

Sutherland (1983:7) defined white collar crime as "a crime committed by a person of respectability and high social status in the course of his occupation." The definition has its problems. The concept of "respectability" defies precision of use. The requirement that a crime cannot be a white collar crime unless perpetrated by a person of "high social status" is an unfortunate mixing of definition and explanation, especially when Sutherland used the widespread nature of white collar crime to refute class-based theories of criminality. These deficiencies have rendered white collar

crime an impotent construct for theory building in sociology. No influential theory of white collar crime has developed, let alone an attempt to links such work to wider sociological theory.

Sutherland's theory of differential association in White Collar Crime was a general theory of all crime, one whose generality borders on a platitudinous restatement of social learning theory (CF Mathews 1983; Albanese 1984).

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.

2.3.3 Fraud management theory

Fraud Management Theory has to do with the effective Lifecycle of fraud. The advocates of this theory explained it in stages of cycle in order to create an awareness and understanding to all fraud management professionals (forensic accountants). Webster's Dictionary refers to a lifecycle as "a series of stages in form and functional activity through which an organism passes between successive recurrences of a specified primary stage" (1997, 1976, &1941). Webster's refers to a FMT as "an interconnected or interrelated chain, group or system. He describes fraud management lifecycle as a combination of these two definitions: Network lifecycle (Wilhelm, 2004). Unlike a sequentially, where activities in one stage are completed and then the

functioning passed on to the next stage in the chain. To the contrary, a network lifecycle facilitates simultaneous and sequential actions within each of the lifecycle stages or network nodes. The fraud management lifecycle theory is made up of eight stages.

2.4 Forensic accounting and the role of forensic accountants in detecting frauds in financial statements:

Great financial frauds at the end of the past and the beginning of this century have imposed the need for deeper investigation of irregularities in the area of financial reporting in connection to that, control institutions, legislature and profession have as the primary objective the creation of assumptions that frauds through financial reporting should be prevented to a great extent and if they emerge they should be detected before things come out of proportion. As a result of the effort in the area of normative-legislature activities, for example, in the US in 2002 the famous Sarbanes-Oxley Law was passed the purpose of which was to enlarge the reliability and correctness of financial information and in turn reduce the possibility of the creation of financial frauds. The EU, in that sense, has taken similar steps, primarily in the direction of important changes in the Eight Directive and the like. However, within profession, in the time after Enron, as the time after the great financial scandals is called, it has led to the forming of new regulative bodies and the appearance of a new profession-forensic accounting investigator, forensic accountant. The application of the accounting concepts, principles and procedures in solving legal problems, is often defined as forensic accounting.

In the accounting literature there is no unified definition of forensic accounting. From numerous definitions that can be found in the literature that deals with forensic i.e.,

investigative accounting, the complete one was that by the Association of Certified Fraud Examiners (ACFE). According to the Association, forensic accounting is the use of skills in potential or real civil or criminal disputes, including generally accepted accounting and auditing principles; establishing losses of profit, income, property or damage, estimations of internal controls, frauds and other that involves inclusion of accounting expertise into the legal system (11, www.forensicaccounting.com).

In other words, Forensic accounting or otherwise called investigative accounting involves the application of accounting concepts and auditing techniques in solving legal problems. Hence, according to many, the key components of forensic accounting are accounting skills, auditing techniques and investigative procedures.

In accord with the described essence of forensic accounting, forensic accountants, basically, investigate and document financial frauds. Also, they help lawyers, courts, regulative bodies and other institutions in investigations of financial frauds. It goes without saying that in order to perform efficiently tasks and activities that have been assigned to them, forensic accountants must possess solid knowledge and skills in accounting and auditing. Additionally, they should possess developed capabilities of verbal and written communication, capability of perceiving details, capability of efficient application of investigative techniques, experience in investigations as well as independence and high degree of knowledge about the use of information technology in the accounting and auditing procedures. A high degree of independence and objectivity is expected of forensic accountants, in accordance with the ethical code for professional accountants. Independence has an equal importance for a forensic accountant as well as for an auditor. A forensic accountant will be considered

independent if they are intellectually honest, ready to make impartial decisions and have no interests or obligations in relation to the client, management or the owner. Independence is usually considered the prerequisite for objectivity. It is insisted on objectivity when it comes to the proofs that support the claims of the management and belong to the area that make greater subjectivity possible (e.g., with the estimate of future losses). It is estimated that in the following years, in developed market economies, a forensic accounting investigator will be one of the 20 most wanted professions.

According to Osioma (2012) Forensic accounting clearly demands a change in scope, method and operational style for accountants. In financial audits, accountants are alert to signs or evidence of errors and irregularities of a material nature. Small errors are of less concern to financial auditors. Forensic accountants are very much concerned about small errors and irregularities, particularly if they seem to be related to the *modus operandi* of corrupt employees and fraudsters. Criminals usually cannot bury all their tracks; small errors and irregularities may therefore be the tip of a fraudulent iceberg.

Thus, the forensic auditor must look out for evidence of control procedure exceptions, accounting classification anomalies, oddities in financial trends.

2.5 Drivers of creative accounting

Mulford and Comiskey (2002) posited that managers play the numbers game in exchange for a variety of expected rewards. The rewards may be any of the following: lower corporate borrowing costs as a result of an improved credit rating, favourable effect on share prices, political gains, and/or incentive compensation plans involving stock option or profit-sharing for top management and key employees which are tied to income measurement. Amat and Gowthorpe (2004) reported that the existence of tax levies based on income is one of the factors motivating creative accounting. Secondly he noted that where management is able to report stable earnings obtain the confidence of shareholders and employees another is the incidence of '*big bath*' accounting whereby an organization that is currently making a bad loss decides to maximize the reported loss in that year so that results of future years will look better. Other motivations include the positive effects which income smoothing has on securities valuation and the reduction of risk for financial analysts; where management observes a gap between analysts' expectation and the actual performance of the company and when major capital market transactions are being expected. Another motivation is the need to create an appearance of a good profit trend so that the company can be able to raise capital through the issue of new shares, or resist takeover bids, or offer its own shares in takeover bids. A study by Amat and Gowthorpe (2004) in Spain between 1999 and 2001 suggests that the direction of creative accounting (i.e. whether Reported earnings $>$ Adjusted earnings) could be related to the general economic conditions prevailing in the country.

Ghosh (2010) suggests that in detecting and preventing creative accounting, the following concepts must be considered: Nonrecurring accounting shenanigans (e.g. “nonrecurring items”), Pro Forma earnings, spot the habitual users of nonrecurring items, divide the figures by sales and obtain percentages to see trend, and use Nonrecurring expense ratios. The emphasis on nonrecurring expenses here is because the more expenses that can be defined as nonrecurring, the higher the reported earnings. Ghosh further observed that firms that are known for fraudulent financial reporting trend are characterized by weak internal control or a family relationship among directors and officers and a board of directors dominated by individuals with significant equity ownership and inadequate experience and no audit committee.

2.6 Recent cases of fraud treated by forensic accountant

The following is a list of cases of real life occupational fraud and scandals committed in Nigeria in recent times as reported by the media unit of Economic and Financial Crimes Commission (EFCC).

Nigeria probes funds embezzlement; Abuja - The Nigeria Senate is investigating the controversy surrounding the sale of its foreign mission properties in the United States

amid allegations that US\$27 million was embezzled in the process. The probe follows a petition made by Daniel Elombah, on behalf of a non-governmental organization that alleged Dr George Obiozor, who was the Nigerian Ambassador to the United States at the time the properties were sold, misappropriated the proceeds. Obiozor, Foreign Affairs Minister Professor Gbenga Ashiru and Current Ambassador to the United States, Ade Adefuye, have appeared before the Committee on Foreign Affairs in connection with the sale of the properties between 2004 and 2007. Chairman of the Committee, Senator Matthew Nwagwu, said it was alleged that the resources were squandered by embassy officials. "We will give them a chance to address the committee, to tell us what they know about the administration and management of the fund within their tenure from 2004 till date.

The EFCC anti-graft agency has instituted a trial against four officials of the Bayelsa state government. The accused persons who are facing trial before a judge at a Federal High Court, Abuja are; the Bayelsa State Commissioner of Finance, the State Accountant General, the State Director of Treasury, and the Director of Finance over the N2billion Naira Bayelsa Fund. They were earlier arraigned by the EFCCC on 23th 2010.

According to Oboh (2012), the audit done for ministry of finance by renowned audit and advisory consultant KPMG, exposed the massive corruption in the NNPC between 2007 and 2009. The cooperation, the report says has also severally defrauded the country subsidy claims. Auditors found that between 2007 and 2009 alone, the NNPC over-deducted funds in subsidy claims to the tune of N28.5 billion. It has not been able to account for the sum ever since. The ever deducted from its remittance to the federation account for 2010 and 2011, believed to be in several billion of naira is not captured in the report. The NNPC succeeded in cheating the three level of

government of a whopping N85.2 billion in three years, N25.7 billion in 2007, N38.8 billion in 2008 and N26.7 billion in 2009. When the auditors requested explanations for these exchange rate disparities the NNPC claimed it obtained the exchange rates it used from the Central Bank of Nigeria through Telephone. The report also revealed that NNPC over the shoddy and non-transparent manner it renew crude sale contracts every year. It is also stated that Evaluation criteria for renewal of contracts are not clearly stated in the contract documents and that the selection exercises were based on individual discretion and wrong assumption and criteria “The NNPC claims that renewal of contracts was based on performance off takers (buyers) but the auditors observed that the basis and process for determining performance were not clearly defined.

2.7 Empirical studies

This section is devoted to reviewing existing empirical studies on forensic accounting and its influence on fraud related practices. The link between the use of Beneish M-Score in the analysis of the financial statements of firms and the discovery of financial fraud is also reviewed.

The relevance of Beneish M- score to creative accounting is that, Beneish M- score is a statistical model use in measuring fraud and earning managements.

Beneish M-Score is a method that can be used to detect companies with a tendency to commit fraud on their financial statements (Beneish, 2012). Empirically, companies with higher M-Score have higher tendency to commit fraud. Beneish M-Score is a probabilistic model, so that one of the limitations is that the ability to detect fraud is not with 100% accuracy. it shows indications of financial fraud within companies.

Okoye and Gbegi (2013) examined the relevance of forensic accounting in fraud detection and prevention in the public sector, with particular reference to Kogi State. Both primary and secondary sources of data were appropriately used. 370 questionnaires were administered to staff of five (5) selected ministries in Kogi State of Nigeria, along with interviews conducted with those ministries out of which 350 were filled and returned. By employing Analysis Of Variance (ANOVA) for the purpose of data analysis, findings from the study revealed that the use of Forensic Accounting do significantly reduce the occurrence of fraud cases in the public sector, and that there is significance difference between Professional Forensic Accountants and Traditional External Auditors and therefore the use of Forensic Accountants can help better in detecting and preventing fraud cases in the public sector organizations. Plausible as the findings of this study appear, the authors failed to capture the actual impact of Forensic accounting in reducing Fraud in the state. The present study hopes to fill in the gap by using regression analysis to determine the impact of Forensic accounting on Fraud detection.

Joseph, Okike, and Yoko (2016) investigated the extent to which forensic accounting contribute to the detection of fraud in Nigeria. By employing survey research, which involves the collection of primary data with the aid of questionnaire administered to 92 sampled professional accountants in Nigerian public sector, and by analyzing data gathered via the statistical method of chi-square, findings from the study suggest that forensic accounting have a significant role to play in fraud detection and prevention in Nigeria. However, this study suffers from the use of non-parametric statistical technique, whose results cannot be meaningfully generalized.

Amake and Ikhatua (2016) examined the significant difference between forensic accounting and the fraud detection in Edo state of Nigeria. By surveying the opinions of 100 auditors and accountants in 4 ministries of the state, and employing ANOVA to decompose the variations arising from the responses gathered, findings from the study revealed the relevance of forensic accounting in the detection of fraud in the public services.

The study by Simeunovic, Grubor and Ristic (2016) proposed the use of a real case digital forensic analysis in organizational fraud auditing process using Tableau TD3 Touch Screen Forensic Imager and Access Data FTK Imager. The authors argued that the success of digital forensic auditing lies in the ability of an organization to effectively combine auditing, computer crime and digital forensic investigation skills, which can be achieved through joint efforts and cooperation of both digital investigator and fraud auditor.

Beneish (1999) developed the Beneish M-Score measure and use same to analyze the financial statements data of 64 fraud firms and 2332 non-fraud firms by using the probit regression method. The results of the empirical analysis show that firms that committed financial statement fraud have low asset quality and gross margin ratio and are highly leveraged. The author found that there is a systematic association between the likelihood of financial statement fraud and accounting variables. He concluded that the established model is very useful in the detection of financial statement frauds.

Franceschetti and Koschtial (2013) employed Beneish Model to uncover financial statement frauds. Based on a sample of thirty bankrupt and thirty non-bankrupt firms, they found that sales growth index, gross margin index, asset quality index, days'

sales in receivable index and total accruals to total assets contribute to the detection of financial statement fraud committed by bankrupt firms. Curtis and Thalassinou (2005) utilize Beneish Model to examine the financial statements of firms listed on Athens Stock Exchange. They posit that Beneish Model yields more accurate results when return on equity and Altman's Z score accompany Beneish Model.

Groove and Cook (2004) test the usefulness of Beneish Model in detecting financial statement frauds. In their study, Beneish Model is used in the high-profile fraud cases such as Qwest, Enron, Global Crossing and WorldCom. They found that the ratios of Beneish Model worked well in the detection of financial statement frauds that occurred in Qwest, Enron, Global Crossing and WorldCom. Additionally, they state that forensic accountants should use Beneish Model together with traditional vertical, horizontal and ratio analysis in order to effectively detect financial statement frauds.

Dechow (2011) analyse the major characteristics of 676 firms that committed financial statement fraud by extending Beneish Model. They claim that abnormal growth in receivables and revenues can signal financial statement fraud and the firm's financial and nonfinancial performance indicators get worse during the period when the firm manipulates financial statements. Repousis (2016) empirically investigated the effectiveness of Beneish Model in detecting financial statement fraud by using a sample that includes 25,468 firms operating in Greece. The empirical results showed that sales growth index, depreciation index, gross margin index, asset quality index, total accruals to total assets, days' sales in receivables index, leverage index, sales, general and administrative expenses index are statistically significant. Additionally, the results of this study prove that Beneish Model enables forensic accountants to comprehensively analyze the alleged financial statement fraud. Er and Varıcı(2013)

use Beneish model to identify fraudulent financial statements disclosed by the firms listed on Borsa İstanbul. The data analyzed in this study is collected from thirty-nine manufacturing firms' financial statements published in 2010. They employed a logistic regression model to discriminate between manipulator firms and non-manipulator firms and found that days' sales in receivable index, depreciation index, asset quality index, and total accruals to total assets play more prominent role than other ratios in the detection of financial statement frauds.

Orellana and Marino (2017) apply Beneish Model to a Spanish food firm that went bankrupt in 2013. The period analyzed in the study is of four years. They conclude that Pescanova manipulated the days' sales in receivable index (DSRI) and total accruals to total assets (TATA) before its bankruptcy. They claim that the empirical results strongly demonstrate the validity of Beneish Model for Pescanova case.

KüçüksozvenveKüçükkocaoğlu(2004) use Beneish Model to uncover fraudulent financial statements prepared by firms listed on Borsa İstanbul between the time period of 1992-2002. They concluded that four of Beneish ratios, days' sales in receivable index, depreciation index, asset quality index and gross margin index, can help in discriminating between manipulator and non-manipulator firms.

Aghghaleh (2016) investigate whether Beneish Model has any relations with the detection of financial statements frauds committed by firms operating in Malaysia. They found that Beneish Model is effective in detecting fraud firms with an accuracy rate of 73%. Spathis (2002) created a model that effectively detects fraudulent financial reporting. He stated that a low stock turnover ratio, low return on assets and low Z-score increase the likelihood of financial statement fraud. He claimed that analysis of financial statements is an important tool for detecting accounting fraud

using a sample that consists of seventy-six firms operating in Greece. Skousen (2009) investigated the validity of fraud triangle theory in detecting financial statement fraud. By using financial statements of 86 fraud firms, they conclude that rapid asset growth, liquidity problems and debt financing increase the probability of financial statement fraud.

Tahmina and Naima (2016) analyze the accounting data of 102 firms operating in Bangladesh between the years of 2010 and 2013 by using Beneish Model. They state that days' sales in receivable index (DSRI), asset quality index (AQI) and total accruals to total assets (TATA) differ significantly between manipulator firms and non-manipulator firms. They also found that overstating intangible assets, artificially inflating earnings and capitalizing expenditures can signal financial statement frauds.

Ozcan (2018) examine the usefulness of the Beneish Model in the forensic accounting practices. Logistic regression analysis was used to examine the empirical variables adopted in the study. Based on a sample that includes 174 firms from 2005 to 2017, the study concluded that Beneish Model aids effectively in the analyses of quantitative characteristics of falsified financial statements.

This Khersiat (2018) examined the relevance of forensic accountants in detect the manipulation of financial statements and combating tax fraud, by identifying the tax fraud-detecting means used by the forensic accountants in Jordan. The author prepared a questionnaire which was distributed among 125 forensic accountants working in Jordanian accounting and auditing firms. After analyzing and testing the hypotheses using SPSS, the following outcomes were drawn: The forensic accountant has the qualifications, expertise and skills to detect tax fraud in financial statements as well as detect the manipulation of financial statements figures.

The study by Suleiman, Yahaya and Abba (2018) examine the effect of forensic accounting knowledge on fraud prevention among listed companies in Nigeria. Questionnaires were administered to 177 Auditors of the listed companies out of which 105 auditors responded. The paper also used the multiple regression model to test the hypotheses formulated. The study reveals that forensic accounting knowledge and complexity are significantly related with fraud prevention. It recommended that auditing staff of listed companies should have more forensic accounting knowledge so as to serve as a tool to deter and prevent fraudulent activities in companies and Nigeria at large.

2.8 Reasons for creative accounting

Before itemizing reasons why companies actually manipulate their accounts, there is the need to highlight the basic idea of creative accounting. According to Remenaric, Mijoc, and Kenfelja (2018), creative accounting is based on finding the so-called loopholes in laws and accounting standards with the intention of enhancing financial statements and presenting the business in a positive light. Creative accounting can have a positive impact on business, but only when it is applied in a positive sense and in a minimal scope. However, it often happens that companies cross boundaries of minimalism and abuse such practice, which can lead to fatal consequences. One thing is certain, creative accounting most often has a negative effect on financial reporting. In most cases, company management is responsible for the manipulation of financial reporting, as their instructions are followed by the employees responsible for financial reporting. The main motives for applying creative accounting are:

- a. obtaining personal gain;
- b. competition;
- c. attracting investors;
- d. increasing or maintaining the level of capital;
- e. buying time for not settling debts;
- f. beating analysts' forecasts about future company performance.

Other reasons include:

- (1) **Changes in accounting method** - Company directors may keep an income boosting accounting policy change in hand to distract attention from unwelcome news.
- (2) **Income smoothing** - Companies generally prefer to report a steady trend of growth in profit rather than to show volatile profits with a series of dramatic rises and falls. This is achieved by making unnecessarily high provisions for liabilities and against asset values in good years so that these provisions can be reduced, thereby improving reported profits, in bad years. Advocates of this approach argue that it is a measure against the =short-termism 'of judging an investment on the basis of the yields achieved in the immediate following years. It also avoids raising expectations so high in good years that the company is unable to deliver what is required subsequently.
- (3) **Boosting the market value of shares** - Creative accounting may help maintain or boost the share price both by reducing the apparent levels of borrowing, so making the company appear subject to less risk, and by creating the appearance of a good profit trend. This helps the company to raise capital from new share issues, offer the own shares in takeover bids, and resist takeover by other companies.
- (4) **Matching reported earning to profit forecast** - A variant on income smoothing is to manipulate profit to tie in to forecasts.

- (5) **Delaying market information** - If the directors of a company engage in insider dealing 'in their company's shares they can use creative accounting to delay the release of information for the market, thereby enhancing their opportunity to benefit from inside knowledge.

The real causes of creative accounting lie in the conflicts of interest among different interest groups. Managing shareholders' interest is to pay less tax and dividends. Investor-shareholders are interested to get more dividends and capital gains. Country's tax authorities would like to collect more and more taxes. Employees are interested to get better salary and higher profit share. But creative accounting puts one group or two to advantageous position at the expense of others. One day some researchers had an opportunity to have a discussion with the Chief Accountant of an enterprise in this regard. The Chief Accountant told, in the course of conversation, that he was determined to retain profit for the expansion of his existing unit and establishment of new ones. Quite naturally, his interest was to pay less tax and less dividend and, accordingly, to create 'financial statements.

2.9 Summary of review

Having reviewed previous works on forensic accounting, it is discovered that a lot have been discussed on the issue. Review of related literature stated that creative accounting is more likely to occur when someone/ firm has pressure, weak control, and oversight by management provide opportunity for the person to commit fraud or apply creative method and the firm management realize the fraudulent behavior. It is discovered that the majority of high level fraud/ creative accounting in the public sector are prepared by management which supposed to be the custodian of internal control. Though previous researcher according to the reviewed literature made substantial effort to solve the problem of creative accounting in our environment.

There are groups of studies that have been devoted to providing an understanding of the reasons for the rising spate of fraud and fraudulent activities and their incidences (Okoye&Akamobi, 2009; Owojori&Asaolu, 2009; Izedomin&Mgbame, 2011; Kasum, 2009)., and there others that have equally demonstrated the relevance of forensic accounting in curbing creative accounting in some part of Southwest and some part of North-central part of Nigeria (Okoye&Gbegi, 2013;Okike, & Yoko, 2016; Amake&Ikhatua, 2016). However, on aggregate terms, and with particular reference to the generality of the North-central zone, little is known on not only the relevance of forensic accounting in curbing creative accounting; but also on the extent to which the skills possessed by forensic accountant have helped or capable of curbing corruption in within the study area in particular, and the nation in general; and finally on the extent to which the application of forensic accounting practices by corporate firms have helped to enhance the credibility of their business reputation and that of their financial statements. These areas mentioned invariably shows the knowledge gap which the researcher intends to fill.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

A decision is a judgment. It is a choice between alternatives. It is rarely a choice between right and wrong. The right decision grows out of the clash and conflict of divergent opinions and out of the serious consideration of competing alternatives (Osisioma,2004). Research is the process of arriving at dependable solutions to problems through the planned and systematic collection, analysis and interpretation of data is research.

Research having addressed a particular problem, contributes to the body of knowledge. In line with the above, Baridam (2001) defines research operationally as: The activity of investigating the phenomenon of human experience which leads to new knowledge, using methods of inquiry which are currently accepted as adequate by scholars in the field.

Generally, in carrying out any meaningful investigation, the right starting point will be to gather relevant data concerning the problem.

This chapter focuses on the method of inquiry adopted in this study. The methodology is presented under the following headings:

- (i) Research design
- (ii) Population and sampling procedure
- (iii) Sample size and sampling techniques
- (iv) Sources of data
- (v) Instrument for data collection

(vi) Validation of instrument of data collection

(vii) Method of data analysis

3.2 Research design

The research design adopted for this study is a survey method. The reason for this is that it involves investigation of opinion of large number of people and it involves inferences drawn from such investigation. This survey is expected to provide full understanding of the empirical analysis of forensic accounting techniques in curbing creative accounting.

3.3 Population of the study

The population comprised of practicing professional Accountants (Chartered Accountants). We have about 43,293 total populations of chartered Accountants in Nigeria according to ICAN annual report 31st December, 2018.

3.4 Sample size and sampling techniques

The sampling technique employed for this study was simple random sampling. The researcher used simple random sampling techniques in conducting the study. A simple random sampling technique was used in selecting respondents from the list of members in each of the selected firm.

The sample size was arrived at using scientific sample method proposed by Walpole (1974), - as in Osisioma (2004) as

$$n = \frac{Z^2 p (1-p)}{e^2}$$

Where:

n = Sample Size

Z = Z-value (e.g., 1.96 for a 95 percent confidence level)

P = Percentage of population picking a choice, taken to be 0.05

e = Margin of error, taken to be 0.05

A Z-value (Cumulative Normal Probability Table) represents the probability that a sample will fall within a certain distribution.

The Z-values for confidence levels are:

1.645 = 90 percent confidence level

1.96 = 95 percent confidence level

2.58 = 99 percent confidence level

Thus,

$$n = \frac{(1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2}$$

$$n = \frac{3.8416 \times 0.5 \times 0.5}{0.0025}$$

$$n = \frac{0.9604}{0.0025}$$

$$n = 384$$

3.5 Instrument for data collection

The research instrument used for data collection was questionnaire, which was adapted from previous studies. It is made up of two sections. Sections A consist of information on personnel data, qualifications and cognate working experience. Section B is geared towards gathering the respondents' opinions on items bordering on empirical analysis of forensic accounting techniques in curbing creative accounting. The responses of the subjects to the questionnaire items were structured according to the 5-point likert summated type as follows:

Strongly Agreed	(SA),	- 5points
Agreed	(A),	- 4 points

Undecided	(UND),	- 3 points
Disagreed	(DA),	- 2 points
Strongly Disagreed	(SD),	- 1point

3.6 Validation of instrument of data collection

A pre-test was used to ascertain the validity of the research instrument. Specifically, the pre-test was to help researcher clarify questions and clear ambiguities that may arise in completing the questionnaires. However, reliability of the instrument was ascertained using the Cronbach’s Alpha test of internal consistency.

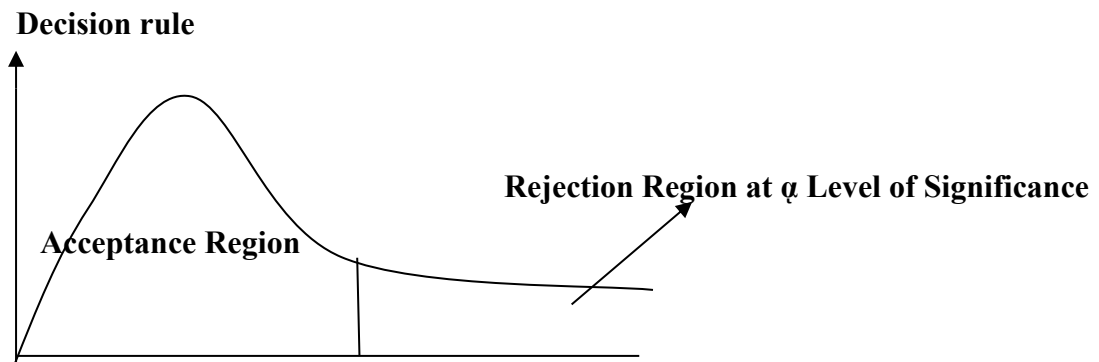
3.7 Reliability of the instrument.

A pretest was used to ascertain the reliability of the research instrument and the value obtained was 0.90.

3.8 Method of data analysis

Data collected through questionnaires were analyzed using Analysis of variance (ANOVA) for validation of hypotheses. According to Nwachukwu and Egbulonu, (2000), ANOVA is a statistical method for determining the existence of differences among several population means. While the aim of ANOVA is to detect differences among several means, the technique requires the analysis of different forms of variances associated with the random samples. In this study, ANOVA was employed in order to determine whether there is a significant difference between those who agreed that Forensic accounting has helped to curb creative accounting and those who disagreed.

ANOVA were made used of, according to responses to research questions from different respondents.



The null hypotheses is rejected (and the alternative accepted) if our calculated F value is greater than the value found from the table. Otherwise, the null hypothesis is accepted. Egbulonu, (2007).

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This section deals with data presentation and analysis. Data collected through field survey were analyzed using mean, standard deviation and ONE-WAY ANOVA.

4.2 Reliability Test Result

A measure of the extent to which the questions raised in the questionnaires would elicit the same responses and produce reliable and consistent results when recast and re-administered to the same respondents was investigated using the Cronbach Alpha measure. Variables derived from test instruments are declared to be reliable only when they provide stable and reliable responses over a repeated administration of the test. The higher the alpha value, the more reliable the generated scale is. Nunnally (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature.

Table 4.2(a) Estimating Cronbach's Alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.979	.982	5

Source: Computed with the aid of SPSS 23

From table 3.2 above, the Cronbach's alpha value of 0.979 indicates a high level of internal consistency with the scale used to measure the techniques and skills of forensic accountants for curbing creative accounting.

4.3 Data presentation and analysis

Out of the 768 questionnaires distributed 65 were not returned, 15 were not usable thereby constituting the invalid questionnaires to 80. While 688 questionnaires were returned and valid.. Total number of valid questionnaires therefore is 688. The items in the questionnaire were examined on the basis of respondents' opinion. Respondents' perception on the various role of forensic accountant in curbing forensic accounting were assessed using a Likert scale of five points, which ranges from strongly agreed responses to strongly disagreed in a descending order. The table shows estimates of group means for each item and the corresponding standard deviation. Group mean values that fall within 3.50-5.00 indicate consensus among respondents on the item, those that fall within 2.50-3.49 indicate respondents' indecision on the item requiring more information, while those within 1.00-2.49 show disagreement among majority of respondents.

The data Collected from the questionnaire distributed are hereby presented below:

4.3 Presentation of field survey data relating to hypothesis one

Table 4.3 Techniques used by forensic accountants have helped in curbing creative accounting

S/N	ITEMS	SA	A	UND	DA	SD	Mean	STD
1	CRITICAL POINT AUDITING							
a.	Filtering out the symptoms of fraud from regular and normal transactions in which they are mixed or concealed.	138	186	76	82	206	3.0	1.6
b.	Make trend analysis by tabulating significant financial transactions.	137	172	103	172	104	3.1	1.4
c.	Ascertaining unusual debit / credits in accounts normally closing to credit/ debit balances	241	172	34	172	69	3.5	1.4
d.	Ascertaining false credits to boost sales with	213	193	69	131	82	3.5	1.4

	corresponding debits to non-existent during personal accounts.							
e.	Filtering discrepancies in debtors / creditors / stock balances as evidenced from the non-reconciliation between financial records and corresponding subsidiary records.	241	172	34	172	69	3.5	1.4
f.	Analyze books with a view to ascertaining accumulation of debit balances in loosely controlled account.	138	172	103	172	103	3.1	1.4
g.	Analyze cross debits and credits and inter-account transfers	241	206	34	172	35	3.7	1.3
h.	Ascertaining weaknesses and inadequacies in internal central / check system.	241	172	69	138	68	3.6	1.9
2	PROPRIETY AUDIT							
a.	Make a compliance test to ascertain if all expenditures sanctioned and incurred are need based	213	193	69	131	82	3.5	1.4
b.	Ensure that all due revenues have been realized in time and entered in the necessary account.	241	172	34	172	69	3.5	1.4
3	VALUE FOR MONEY TECHNIQUES							
a.	Report if the goal of economy, efficiency and effectiveness have been achieved in the transactions for which expenditures have been incurred or revenue collected.	138	172	103	172	103	3.1	1.4
4	RELATIVE SIZE FACTOR							
a.	This states that each field in any transaction has a normal range and any data falling outside the range is	241	206	34	172	35	3.7	1.3

	unusual and need to be further investigated.							
5	DATA MINING TECHNIQUES							
a.	The objective is to dig up large amount of data to discover previously unknown, action oriented, hidden trends, patterns and complex relationships. The three major activities of data mining techniques are Discovery, Predictive Modeling and Deviation Analysis.	213	193	69	131	82	3.5	1.4
6	INVESTIGATING THE EARLY WARNINGS OF CREATIVE ACCOUNTING such as							
a.	Cash flows that are not correlated with earnings	138	172	103	172	103	3.1	1.4
b.	Debtors balances that are not correlated with revenue	241	172	34	172	69	3.5	1.4
c.	Allowances for bad debt that have no correlation with debtors balances.	241	206	34	172	35	3.7	1.3
7	Resources that are not correlated with balance sheet items	241	172	69	138	68	3.6	1.39
a.	Acquisitions with apparently no business purpose	213	193	69	131	82	3.5	1.4
b.	Earnings that consequently precisely meet the expectations of analyze	241	172	34	172	69	3.5	1.4
	Average Score	208	182	62	155	81	3.5	1.40

Sources: Field survey2018

The results in the table above shows an enquiry that was made as regards the extent to which respondents agreed or not on the relevance of the techniques used by forensic accountant in curbing creative accounting. Majority of the respondents indicated their agreement that the most of the techniques used by forensic accountant have aided in curbing creative accounting, but they were however indecisive on effectiveness of such techniques as: filtering out the symptoms of fraud from regular and normal transaction (Mean = 3.0), making trend analysis

by tabulating significant financial transactions (Mean = 3.1), analyze books with a view to ascertaining accumulation of debit balances in loosely controlled account (Mean = 3.1), Report if the goal of economy, efficiency and effectiveness have been achieved in the transactions for which expenditures have been incurred or revenue collected (Mean = 3.1), investigating cash flows that are not correlated with earnings in order to establish early warnings of creative accounting (Mean = 3.1).

I. Data analysis

The data presented above were analysed using one-way ANOVA, as indicated in Chapter Three. Eviews Statistical Software was utilized to aid the analysis.

Table 4.4 One-way analysis of variance results for hypothesis one

Test for Equality of Variances Between Series
 Date: 07/20/18 Time: 08:49
 Sample: 1 19
 Included observations: 19

Method	df	Value	Probability
Bartlett	4	23.85118	0.0001
Levene	(4, 660)	4.303988	0.0031
Brown-Forsythe	(4, 660)	1.604819	0.1800

Category Statistics

Variable	Count	Std. Dev.	Mean Abs. Mean Diff.	Mean Abs. Median Diff.
SA	208	44.49154	36.91967	33.05263
A	182	13.58663	12.18837	10.52632
UND	62	27.37107	23.40166	22.26316
DA	155	25.47215	21.40720	16.94737
SD	81	37.45852	23.51801	22.89474
All	688	65.06479	23.48698	21.13684

Bartlett weighted standard deviation: 31.51266

*Note: included observations here refer to number of items in the questionnaire used for the analysis, and not the sample size, as the latter equals 688.

Decision rule: If p-value for Bartlett F-value calculated is less than 0.05, we reject the null hypothesis, otherwise, we fail to reject it.

Decision

From the results above, the between mean difference of the various responses was estimated at 23.48698, the median at 21.13684, while the Bartlett weighted standard deviation stood at 31.51266. The Bartlett estimated F statistics is 23.85118, while its associated p-value of

0.0001<0.005 suggests that there is a significant variation between those who agreed and others that disagreed that the techniques used by forensic accounting to curb creative accounting has helped curbed creative accounting. On this ground, we reject the first null hypothesis, which says that the techniques used by forensic accountants have not helped in curbing creative accounting, and conclude otherwise, that is the techniques used by forensic accounting has helped in curbing creative accounting.

4.5 Presentation of field survey data relating to hypothesis two

Table 4.5 The skills of the forensic accountant have aided in the prevention of creative accounting.

S/N	ITEMS	SA	A	UND	DA	SD	Mean	STD
	To what extend do you believe that the under listed skills will enhance the work of the forensic accountants towards curbing creative accounting?							
1	Being calm, collected and a good listener	241	172	34	172	69	3.5	1.4
2	Curiosity	241	206	34	172	35	3.7	1.3
3	Having good idea of human psychology in order to understand the impulse behind criminal behaviour	241	172	69	138	68	3.6	1.4
4	An indent knowledge of financial books	213	193	69	131	82	3.5	1.4
5	Interpersonal and communication skills which and conducting of interviews and extracting critical information from employees.	241	172	34	172	69	3.5	1.4
6	Proficiency in computer and knowledge of network system	138	172	103	172	103	3.1	1.4
7	A thorough understanding of fraud schemes	241	172	69	138	68	3.6	1.4
8	Thorough knowledge of company's governance makes out the laws that regulate these policies	213	193	69	131	82	3.5	1.4
9	Command of criminal and civil law, as well as of the legal system, law of evidence and court procedures	241	172	34	172	69	3.5	1.4
10	Creative i.e ability to venture	241	172	34	172	69	3.5	1.4

	into new things and depart from the norm							
11	Independent	241	206	34	172	35	3.7	1.3
12	Sense of urgency and commitment	241	172	69	138	68	3.55	1.4
13	Ability to communicate complex theoretical ideas in a manner which is really understandable by the layman	212	193	69	131	83	3.5	1.4
14	Sound understanding of peculiarity of various business methods.	241	172	34	172	69	3.5	1.4
15	Ability to review large volume of documentation.	138	172	91	185	102	3.1	1.4
16	Ability appears objective and professional even when taking part in the inherently partisan process in a court.	251	172	58	138	69	3.6	1.4
	Average Score	223	180	57	157	71	3.5	1.40

Sources: Field survey2018

An enquiry was equally made as regard the extent to which respondents believe that the some skills possessed by forensic accountant will aid them to prevent creative accounting. The analyses as presented in the table above yield wide acceptance, with the exemption of the following under listed skills for which respondents were indecisive: being proficient in the knowledge of computer and network system (Mean = 3.1), and being able to review large volume of documentation (Mean = 3.1).

II. Data analysis

The data presented above were analysed using one-way ANOVA, as indicated in Chapter Three. Eviews Statistical Software was utilized to aid the analysis.

Table 4.6 One-way analysis of variance results for hypothesis two

Test for Equality of Variances Between Series

Date: 07/13/18 Time: 09:35

Sample: 1 16

Included observations: 16

Method	df	Value	Probability
Bartlett	4	15.58552	0.0036
Levene	(4, 660)	2.914006	0.0268
Brown-Forsythe	(4, 660)	0.800492	0.5287

Category Statistics

Variable	Count	Std. Dev.	Mean Diff.	Mean Abs. Median Diff.
SA	223	34.94162	24.92188	18.12500
A	180	13.07016	11.25781	8.187500
UND	57	24.39800	20.94531	19.56250
DA	157	19.10399	18.21094	16.18750
SD	71	18.70829	12.18750	11.25000
All	688	67.75326	17.50469	14.66250

Bartlett weighted standard deviation: 23.24638

Decision rule: If p-value for Bartlett F-statistic calculated is less than 0.05, we reject the second null hypothesis; otherwise, we fail to reject it.

Decision

From the results above, the between mean difference of the various responses was estimated at 17.50469, the median at 14.66250, while the Bartlett weighted standard deviation stood at 23.24638. The Bartlett estimated F statistics is 15.58552, while its associated p-value of $0.0036 < 0.005$ suggests that there is a significant variation between those who agreed and others that disagreed that the skills of the forensic accountants will enhance the work of the forensic accountants towards curbing creative accounting. On this ground, we reject the second null hypothesis, which says that the skills of the forensic accountant have not aided the prevention of creative accounting, and conclude otherwise, that is the skills of the forensic accountant have aided the prevention of creative accounting.

4.7 Presentation of field survey data relating to hypothesis one

Table 4.7 The emergences of forensic accountants have not restored confidence in credibility of corporate firms and their report.

	Items	SA	A	UND	DA	SD	Mean	STD
1	Do you think that the activities or the role forensic accountants have played so far in investigation and detention of fraud in Nigeria has restored confidence in the credibility of corporate firms and their report?	138	172	103	172	103	3.1	1.4
2	Would you advocate that forensic audit should be made mandatory for every company and all public sector organization?	244	172	69	138	65	3.6	1.4
3	Do you think their mandatory existence in all company and all public sector organization will reduce corruption and give quality assurance to financial reporting?	213	193	69	131	83	3.5	1.4
	Average Score	198	179	80	147	84	3.5	1.40

Sources: Field survey2018

An enquiry was also made as regards the extent to which respondents believe that the emergence of forensic accountants have restored confidence in the credibility of corporate firms and their report. The analyses yield wide acceptance from respondents as the mean scores of the items used indicate, only with the exemption of the item that measures the extent to which respondents think that the activities or the role forensic accountants have played so far in investigation and detention of fraud in Nigeria has restored confidence in the credibility of corporate firms and their report, which Mean = 3.1.

III. Data analysis

The data presented above were analysed using one-way ANOVA, as indicated in Chapter Three. Eviews Statistical Software was utilized to aid the analysis.

Table 4.8 One-way analysis of variance results for hypothesis three

Test for Equality of Variances Between Series
 Date: 07/13/18 Time: 09:57
 Sample: 1 16
 Included observations: 16

Method	df	Value	Probability
Bartlett	4	24.30599	0.0001
Levene	(4, 660)	4.267288	0.0036
Brown-Forsythe	(4, 660)	1.806162	0.1365

Category Statistics

Variable	Count	Std. Dev.	Mean Abs. Mean Diff.	Mean Abs. Median Diff.
SA	198	39.90442	29.60156	26.31250
A	179	11.68974	10.14063	7.375000
UND	80	24.84611	19.02344	17.31250
DA	147	19.53288	18.75000	18.75000
SD	84	17.38090	13.02344	12.06250
All	688	63.38342	18.10781	16.36250

Bartlett weighted standard deviation: 24.61695

Decision rule: If p-value for Bartlett F-statistic calculated is less than 0.05, we reject the third null hypothesis; otherwise, we fail to reject it.

Decision

From the results above, the between mean difference of the various responses was estimated at 18.10781, the median at 18.36250, while the Bartlett weighted standard deviation stood at 24.61695. The Bartlett estimated F statistics is 24.30599, while it's associated p-value of $0.0001 < 0.005$ suggests that there is a significant variation between those who agreed and others that disagreed that the emergence of forensic

accountants has restored confidence in credibility of corporate firms and their reports. On this ground, we reject the third null hypothesis, which says otherwise and conclude that the emergence of forensic accountants have restored confidence in the credibility of corporate firms and their report.

4.9 Discussion of Findings

This study reveals a number of important findings on the influence of forensic accounting on creative accounting. Specifically, the study shows that forensic accounting has played a significant role in curbing creative accounting within the North central area of Nigeria. This finding is consistent with that of Okoye and Gbegi (2013) found that the use of Forensic Accounting do significantly reduce the occurrence of fraud cases in the public sector and equally argued that the use of Forensic Accountants can help better in detecting and preventing fraud cases in the public sector organizations. It is also in agreement with that of Joseph, Okike, and Yoko (2016) study which revealed that forensic accounting have a significant role to play in fraud detection and prevention in Nigeria. It equally support the study by Amake and Ikhatua (2016) which showed that forensic accounting is highly relevant in the detection of fraud, particularly in the Public sector.

Additionally, the study also revealed that accounting Professionals within the study area are not only in the know of the modus operandi of forensic accountants, as regards the skills they employ when doing their forensic investigations, but also verified or attest to the proposition that the skills used by this locational forensic accountants have profoundly helped to reduce the prevalence of creative accounting. This finding echoes the effort of Beneish (1999) who developed the Beneish M-Score measure and proved that when forensic accountants master the use of this score, their skill in the detection of fraud and fraudulent practices will be better enhanced.

Finally, this study also showed that investors, regulators and customers of the business corporations within the study area have begun to have confidence in the financial reports presented by the corporate firms. This is particularly so, as the responses of the sampled professional accountants within the study area confirm that general public now have confidence in the credibility of the reports presented by corporate firms.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMENDATION

5.1 Introduction.

This chapter consists of discussions on summary of major findings, conclusion, recommendations and contribution to knowledge.

5.2 Summary of findings

Forensic accounting has been very effective in curbing creative accounting in financial reporting in many organizations. This precipitated the researcher's interest into investigating the extent to which the forensic accountant will help in curbing fraud in Nigeria firms. Cases of creative accounting have being identified in this study ranging from that the Enron Saga revelation were officers used creative accounting practices to conceal about \$600 million in net losses over a period of three years 1997-2000; WorldCom, another American giant, were creative accounting was used to re-classify and amortize revenue expenses amounting to \$3.85 billion over a long period of the time.

In other to achieve the stated objectives, the study review the position of extant literature and found that predominantly, there has been an established connection between forensic accounting and creative accounting, especially developed countries.

To obtain an empirical understanding of the relationship between these phenomena, the survey method of research design was adopted, using the questionnaire approach to obtain information from professional accountants within the North central zone-Nigeria. Data analysis commenced by describing responses to the items used to measure the underlying variables of the study, with particular reference to frequency distribution of responses. Further analysis was conducted using One-way analysis of variance to verify the position of the stated hypotheses in the study.

The study has been able to demonstrate that the techniques used to Forensic accountants, have helped to stem the tide of creative accounting. This is particularly

so pertaining to such skills as critical point auditing, propriety auditing, ensuring corporations gets value for their money, using relative size factor to guide against the normal amount required to spend on each transaction, using data to discover; predict; and identify deviations from conventional accounting practices, and finally, investigating the early warnings of creative accounting.

Of the skills that have being identified in this study as worthy of possessing in order for Forensic accountant to be able to curb creative accounting, the following are worthy of mentioning, due to their being most favoured by the findings of the study: being calm and listening carefully, being curious, possessing good psychology of criminal tendencies, having an indebt knowledge of financial books, having good understanding of criminal and civil laws,

Additional findings suggest that the emergence of forensic accounting in Nigeria have played a significant role in the investigation and detection of fraud and consequently helped to restore some measure of confidence in the credibility if corporate accounting.

From the analysis of this work, alternative hypotheses were accepted; indicating that forensic accounting plays a major role in fraud management; therefore Techniques used by forensic accountants have helped in curbing creative accounting. Respondents also agreed that the emergence of forensic accountants have restored confidence in the credibility of corporate firms and their report.

5.3 Conclusion

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.

The role of a forensic accountant under contemporary conditions is very important. This is because forensic accountants, in accordance with the essence of forensic accounting, investigate and document frauds. By applying accounting principles,

auditing skills and investigative procedures in solving certain legal problems, forensic accountants help lawyers, courts, regulatory bodies and other institutions in investigating financial frauds. Base on the findings of this study, it can be concluded that the techniques used by forensic accounting has helped in curbing creative accounting; the skills of the forensic accountant have aided the prevention of creative accounting; and that the emergences of forensic accountants have restored confidence in credibility of corporate firms and their report.

5.4 Recommendations

In the light of the observations made, the following recommendations are made:

1. In the area of the techniques used by forensic accountants to detect creative accounting, it is recommended that forensic accountants should strive to learn the skill of filtering, which is required to differentiate fraudulent entries from non-fraudulent entries. They should also ensure that they learn relevant statistical analyses like trend and cluster analyses so as to be able to identify the spate of crime and classifying them according to certain relationships that they exhibit. These techniques can facilitate in the identification of criminal practices in corporate organizations.
2. In the area of acquiring skills, forensic accountants should ensure that they are proficient in the use of computer, as particularly in the use of spreadsheet programmes like Excel and other related computational programmes. They should also be conversant with Microsoft word programme so that they can easily review large volume of documentations through relevant search and review options.
3. 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
4. There is the need that forensic accountant must possess solid knowledge and skills in the area of accounting and auditing, and A code of conduct should be established in every ministry in the state and officers or staff should be made to declare their assets from time to time. More training or favourable environment like attributes of independence, transparency, accountability, competence etc should be created to enhance the practice or operation of Forensic Accounting

5. A forensic accountant should be considered independent if they are intellectually honest, ready to make impartial decisions and have no interests or obligations in relation to the client, management or the owner.
6. Also, they must have a developed capability of verbal and written communication, capability of perceiving details and of the efficient application of investigative activities as well as a considerable degree of knowledge about information technologies in accounting and auditing procedures.
7. Finally, Forensic Accounting will institute good corporate governance in the public sector which will install public confidence in the government and the entire system.

5.5 Contribution to knowledge

As earlier described in the preceding chapters, there are groups of studies that have been devoted to providing an understanding of the reasons for the rising spate of fraud and fraudulent activities and their incidences (Okoye&Akamobi, 2009; Owojori&Asaolu, 2009; Izedomin&Mgbame, 2011; Kasum, 2009)., and there others that have equally demonstrated the relevance of forensic accounting in curbing creative accounting in some part of Southwest and some part of North-central part of Nigeria (Okoye&Gbegi, 2013;Okike, & Yoko, 2016; Amake&Ikhatua, 2016). However, on aggregate terms, and with particular reference to the generality of the North-central zone, little is known on not only the relevance of forensic accounting in curbing creative accounting; but also on the extent to which the skills possessed by forensic accountant have helped or capable of curbing corruption in within the study area in particular, and the nation in general; and finally on the extent to which the application of forensic accounting practices by corporate firms have helped to enhance the credibility of their business reputation and that of their financial statements. These areas mentioned invariably formed the contribution of the study to knowledge.

North central zone was chosen for the research work because of the proximity to research questionnaires' respondents, data and other necessary information for the success of the research.

5.6 Recommendation for future studies

This study has been able to show the relevance of forensic accounting in curbing creative accounting within the North-central area. Future studies should provide similar zonal knowledge, with either reference to Northwest or Northeast or even any other zones in the Southern part of Nigeria, on the relevance of forensic accounting in curbing creative accounting. They (future studies) might not utilize only survey approach, but could utilize a mixture of primary data, involving also interview to gain an in-depth understanding of the relationship between the variables under study. They could also use such data analysis techniques as ANCOVA (Analysis of Covariance) and regression analysis to not only determine whether a significant relationship exists between the variable sets, but also to be able to tell the magnitude and the direction of such relationship.

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APPENDIX I

QUESTIONNAIRE

SECTION A

To what extent do you think the under listed techniques employed by forensic auditors will help to curb creative accounting / fraudulent financial reporting.

S/N	ITEMS	SA	A	UND	DA	SD
1	CRITICAL POINT AUDITING					
	➤ Filtering out the symptoms of fraud from regular and normal transactions in which they are mixed or concealed.					
	➤ Make trend analysis by tabulating significant financial transactions.					
	➤ Ascertaining unusual debit / credits in accounts normally closing to credit/ debit balances					
	➤ Ascertaining false credits to boost sales with corresponding debits to non-existent during personal accounts.					
	➤ Filtering discrepancies in debtors / creditors / stock balances as evidenced from the non-reconciliation between financial records and corresponding subsidiary records.					
	➤ Analyze books with a view to ascertaining accumulation of debit balances in loosely controlled account.					
	➤ Analyze cross debits and credits and inter-account transfers					
	➤ Ascertaining weaknesses and inadequacies in internal central / check system.					
2	PROPRIETY AUDIT					
	➤ Make a compliance test to ascertain if all expenditures sanctioned and incurred are need based					
	➤ Ensure that all due revenues have been realized in time and entered in the necessary account.					
3	VALUE FOR MONEY TECHNIQUES					
	➤ Report if the goal of economy, efficiency and effectiveness have been achieved in the transactions for which expenditures					

	have been incurred or revenue collected.					
4	RELATIVE SIZE FACTOR					
	➤ This states that each field in any transaction has a normal range and any data falling outside the range is unusual and need to be further investigated.					
5	DATA MINING TECHNIQUES					
	➤ The objective is to dig up large amount of data to discover previously unknown, action oriented, hidden trends, patterns and complex relationships. The three major activities of data mining techniques are Discovery, Predictive Modeling and Deviation Analysis.					
6	INVESTIGATING THE EARLY WARNINGS OF CREATIVE ACCOUNTING such as					
	➤ Cash flows that are not correlated with earnings					
	➤ Debtors balances that are not correlated with revenue					
	➤ Allowances for bad debt that have no correlation with debtors balances.					
7	Resources that are not correlated with balance sheet items					
	Acquisitions with apparently no business purpose					
	Earnings that consequently precisely meet the expectations of analyze					
	SECTION 2					
	To what extend do you believe that the underlisted skills will enhance the work of the forensic account;					
1	Being calm, collected and a good listener					
2	Curiosity					
3	Having good idea of human psychology in order to understand the impulse behind criminal behaviour					
4	An indent knowledge of financial books					
5	Interpersonal and communication skills which and conducting of interviews and extracting critical information from					

	employees.					
6	Proficiency in computer and knowledge of network system					
7	A thorough understanding of fraud schemes					
8	Thorough knowledge of company's governance makes out the laws that regulate these policies					
9	Command of criminal and civil law, as well as of the legal system, law of evidence and court procedures					
10	Creative i.e ability to venture into new things and depart from the norm					
11	Independent					
12	Sense of urgency and commitment					
13	Ability to communicate complex theoretical ideas in a manner which is really understandable by the layman					
14	Sound understanding of peculiarity of various business methods.					
15	Ability to review large volume of documentation.					
16	Ability appears objective and professional even when taking part in the inherently partisan process in a court.					
	SECTION 3					
	Do you think that the activities or the role forensic accountants have played so far in investigation and detection of fraud in Nigeria has restored confidence in the credibility of corporate firms and their report.					
1	Would you advocate that forensic audit should be made mandatory for every company and all public sector organization.					
2	Do you think their mandatory existence in all company and all public sector organization will reduce corruption and give quality assurance to financial reporting.					

CASES OF FRAUD IN NIGERIA PUBLIC SECTOR

Table 2.1

S/N	DATE	TRIAL COURT	FRAUD COMMITTED	AMOUNT INVOLVED	STATE	PERPETRATOR
1	2007	Abuja, Federal High Court	Cheating (use of exchange rate for lower than those published by CBN in remitting crude allocation)	N25.7 billion	FCT	NNPC
2	13 th August, 2010	FHC, Abuja Justice Donatus	Misappropriation of public fund	N1.5 billion	FTC/ Abuja	SaniLulu and 3 other sacked NFF board members
3	3 rd April, 012	Lagos High Court, Justice MohdShuai bu	Conspiracy, forgery and fraudulent conversion of fund of the commission	N109 million	FCT	Three civil service commission staff
4	9 th Feb, 012	FHC, Abuja	Corruption and Defrauding Federal	1.3 billion	FCT	Formal Health Minister, Sen. IyaboObasanjo

			Government			
5	28 th May,012	FHC, Abuja	Defrauding Police Pension Office	N38 billion	FCT	Office of the police pension board
6	2010	Anambra High Court,	Forgery and Alteration	252.9 million	Anambra	College of Education Bursar
7	22/2/012	FHC, Abuja	Using a non- existing company to obtain contract	N9 Billion	FCT	Formal house of representative speaker
8	2009	Fed High Court, Lagos	Misappropriation of public fund	N80 billion	Lagos	Francis Atuche, Former CEO, Bank PHB
9	2010	Fed High Court, Lagos	Misappropriation of public fund	N55 billion	Lagos	Chief OsaOsunde (formal chairman Afribank) and 4 directors: JibrinIsah, Isa Zailani, ChineduOnyia and Henry Arogundade
10	2010	Fed High Court, Kaduna, Justice MohdShaib u		N136 million	Kaduna	Mr. OladeleShittu, CEO of Credence Investment
11	2013	Federal	Charged for	N11 billion	Kogi	AuduAbubakar and Anor.

		High Court Abuja	corruption related money laundering allegedly committed by him while in office as executive Governor of the state.			
12	2015	Federal High Court Abuja	Charged for corruption related money laundering allegedly committed by him while he was the governor of the state.		Bayelsa	Timipre Sylva.
13	2016	Federal High Court Abuja.	Dasukigate arms deal scandal	S2.1 billion	Abuja	Col. SamboDasuki (retd).

Source: EFCC Media Unit Published; (2016)