Pragmatic Analysis of Forensics and the Importance of Forensic Accounting in Nigeria

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Abstract

Forensic Accounting has risen to prominence, because of increased financial frauds are popularly known as white-collar crime. Having due regard to the ethical standards of the profession of accounting in a changing and complex business environment, the study investigates on the Epistemology of Forensic Science and the Importance of Forensic Accounting in Combating Financial Crime in Nigeria. The objective of this study is to state the subdivisions of forensic science, describe forensic identification procedure, mention the various steps in forensic profiling, explain forensic profiling process analysis, to demonstrate the knowledge, skills, and competencies necessary to carry out the audit of an entity and undertake assurance engagements and to gain an understanding of the role of and challenges facing forensic accounting and fraud auditing. Game Theory was used for this study. The study,s finding is that, the nature of Forensic Science in Nigeria has a tense or unrealistic nature

based on this study. The study recommends that, a good forensic profiling strategy should be employed, government should encourage the use of forensic profiling to investigate fraud, misappropriation and other illegal vices. Government should fund agencies responsible for forensic profiling of financial crime in Nigeria.

Keywords: Forensic Science, Forensic Profiling and Forensic Accounting

Introduction

Forensic science is a very interesting study and refers to something "of pertaining to or used in a court of law". In today's day and age, it almost always refers to a method of obtaining criminal evidence for the purpose of using it in a court of law. The various aspects that will be examined in this unit will introduce you to; definition and meaning of forensic science, history of forensic science, subdivision of forensic science, forensic profiling, and forensic identification (CSS 455 Forensic Science. pg. 11).

Forensic Science (often shortened to forensics) is the application of a broad spectrum of science to answer questions of interest to a legal system. This may be in relation to a crime or a civil action. Besides, its relevance to a legal system, more generally forensics encompasses the accepted scholarly or scientific methodology and norms under which the facts regarding an event, or an artefact or some other physical items (such as a corpse) are ascertained as being the case. In that regard, the concept is related to the notion of authentication, whereby an interest outside of a legal form exists in determining whether an object is what it purports to be, or is alleged as being. As earlier stated, the word forensic comes from the Latin adjective forensic, 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 his side of the story will determine the outcome of the case. Basically, the person with the sharpest forensic skills would win. 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. In modern use, the term "forensics" in place of "forensic science" can be considered incorrect as the term "forensic" is effectively a synonym for "legal" or "related to courts" however, the term is now so closely associated with the scientific field that

many dictionaries include the meaning that equates the word "forensics" with forensic science" (CSS 455 Forensic Science. Pg.12).

Forensic accounting can be described as a specialized field of accounting that investigates fraud and analyze financial information to be used in legal proceedings. Forensic accounting uses accounting, auditing, and investigations skills to conduct investigations into theft and fraud. It encompasses both Litigation Support and Investigative Accounting. Forensic accounting, forensic accounting, or financial forensic is the specialty practice area of accounting that describes engagements that result from actual or anticipated disputes or litigation. "Forensic "means "suitable for use in a court of law", and it is to that standard and potential outcome that forensic accountants generally have to work (NCA Study Manual PEB 5. Pg.1).

In terms of qualities of a forensic accountant, Fitzhugh (2010) mentioned that by the nature of the job, forensic accounting favors individuals who have prior experience in fields like law enforcement and auditing. Maturity and prior professional knowledge give forensic accountants a frame of reference to utilizing their professional judgment and frequently a "gut "instinct developed from years of experience.

According to the Journal of Forensic Accounting, Forensic accounting is sufficiently thorough and complete so that an accountant, in his/her considered independent professional judgment, can deliver a finding as to accounts, inventories, or the presentation thereof that is of such quality that it would be sustainable in some adversarial legal proceeding, or within some judicial or administrative review. Forensic accounting falls within the context of our environmental needs. That is, to give forensic assistance in accounting issues. This is very vital and pollutes with a politician who has powers t corrupt well-meaning businessmen. This normally happens to detriment of well-planned public projects that are roughly implemented.

Conceptual Clarification

Forensic Science

The word Forensic comes from Latin (forensic meaning "before the forum") and refers to something "of pertaining to or used in a court of law. In today's day and age, it almost refers to a method of obtaining criminal evidence for the purpose of using it in the court of law. Forensic science is typically just referred to as "forensics" and is the practical application of numerous sciences to solve legal system – related questions, which can include either a civil or criminal action or suit. The use of the term "forensics" in place of "forensic science" is actually a globally–accepted misnomer considering that the term "forensic" is effectively a synonym for "legal" or "pertaining to court", from the root Latin meaning. Because it is now so closely associated with the criminal scientific field, many dictionaries equate the word "forensics" with forensic science". Forensic science extends into a broad range of sub-sciences which utilises natural science technique to obtain relevant criminal and legal evidence (CSS 455 Forensic Science. pg. 12-16).

Subdivisions of Forensic Science

1. **Forensic Accounting.** The acquisition, interpretation and study of accounting evidence.
2. **Computational Forensics.** Also known as digital forensics is the retrieval, reconstruction and interpretation of digital media (i.e. images, PDFs, e-mail messages, etc.) stored on a computer, for use as evidence.
3. **Forensic Document Examination.** The reconstruction, study and interpretation of physical document– related evidence, such as hand writing analysis and printmaking.
4. **Forensic Economics.** The acquisition, study and interpretation of evidence related to economic damage, which includes determination of lost benefits and earnings, business value and profit loss, household service value, labour replacement and future medical expense cost, etc.
5. **Forensic Engineering.** The scientific examination and analysis of structures and other objects to answer questions as to their failure or cause of damage. Typically, their evaluation is used to answer legal questions.
6. **Forensic Linguistics.** The study and interpretation of language for use as legal evidence.

7. **Forensic Origin and Cause.** The study, interpretation and identification of a fire for the express purpose of determining the cause of ignition and origin of the fire (i.e. arson cases).
8. **Forensic Photography.** The art-science of reconstructing, interpreting and producing an accurate photographic reproduction of a crime scene for a court's benefit.
9. **Forensic Psychology and Psychiatry.** The study of the mind of an individual, using forensic methods. Also, it is the study, evaluation and identification of mentally–related illnesses and human behaviour for the purpose of obtaining legal evidence.
10. **Forensic Anthropology.** The practice of physical anthropology, as applied to a legal situation - typically the identification and recovery of skeletonised human remains (bones).
11. **Forensic Entomology.** Deals with examination of insects in and around human remains to assist in determination of time or location of death. It is also possible to determine if the body was moved after death.
12. **Criminalistics.** Includes evidence collected from a wide range of sciences to determine the answers of questions relating to the examination and comparison of criminal investigations. This evidence is typically processed in a crime laboratory.
13. **Forensic DNA Analysis.** Performing individual's DNA to answer forensic questions such as determining paternity/maternity or placing a suspect at a crime scene. Forensic Geology. The application of trace evidence found in soils, minerals and petroleum, as applied to legal setting.
14. **Forensic Meteorology.** Is the analysis of prior weather conditions, specific on the site being examined.
15. **Forensic Odontology.** Is the study of teeth – specifically, the uniqueness of dentition.
16. **Forensic Pathology.** This combines the discipline of medicine and pathology, as applied to a legal inquiry, to determine the cause of injury or death.
17. **Forensic Toxicology.** Is the study evaluation and identification of the effects of poison chemicals or drugs in and on the human body.
18. **Forensic Limnology.** Is the analysis of evidence collected from crime scenes in or around fresh water sources. Examination of biological

organisms, particularly diatoms can be useful in connecting suspects with victims.

Forensic Profiling

Forensic profiling refers to the study and the exploitation of traces in order to draw profile that must be relevant to the context of supporting various security tasks, mostly in the criminal justice system. The term forensic in this context refers to "information that is used in court as evidence". Geralt & Summer (2006), traces originate from criminal or litigious activities themselves. However, traces are information that are not strictly dedicated to the court, but also that may bring knowledge on broader domains linked to security that deal with investigation, intelligence, surveillance, or risk analysis. Forensic profiling is different from offender profiling, which only refers to the identification of an offender to the psychological profile of a criminal. In particular forensic profiling should refer to profiling in general, i.e. "the process of „discovering" correlations between data in data bases that can be used to identify and represent a human or non-human subject (individual or group), and/or the application of profiles (set of correlated data) to individuate and represent a subject or to a group or category." Geralt & Summer (2006).

The Profiling Process

The technical process of profiling can be separated in several steps.

i. **Preliminary Grounding.** The profiling process starts with a specification of the applicable problem domain and the identification of the goals of analysis.
ii. **Data Collection.** The target data set or database for analysis is formed by selecting the relevant data in the light of existing domain knowledge and data understanding.
iii. **Data Preparation.** The data is pre-processed for removing noise and reducing complexity by eliminating attributes.
iv. **Data Mining.** The mined patterns are evaluated on their relevance and validity by specialists and/or professionals in the application domain (e.g. excluding spurious correlations).
v. **Application.** The constructed profiles are applied, e.g. to categories of persons to test and fine – tune the algorithms.

vi. **Institutional Decision.** The institution decides what actions or policies to apply to groups or individuals whose data match a relevant profile.

Data collection, preparation and mining all belong to the phase in which the profile is under construction. However, profiling also refers to the application of profiles, meaning the usage of profiles of groups or individual persons as can be seen in step 6 (application) the process is circular. There is a feedback loop between the construction and the application of profiles. The interpretation of profiles can lead to the re-entrant – possibly real time – fine tuning of specific previous steps in the profiling process. The application of profiles to people whose data were not used to construct the profile is based on data–matching, which provides new data that allows for further adjustments. The process of profiling is both dynamic and adaptive.

Profiling Techniques

Forensic profiling is generally conducted using data mining technology, as a means by which relevant patterns are discovered and profiles are generated from large quantities of data.

The data available to law enforcement agencies are divided into two categories.

1. Nominal data directly designates persons or objects (intelligence files and suspect files, stolen vehicles or objects, etc.) and their relations. Nominal data may also be obtained in the framework of specific investigations, for instance a list of calls made with a mobile phone (card and/or phone) that cover a certain period of time, a list of people corresponding to a certain profile, or data obtained through surveillances.
2. Crime data: Consist of traces that result from criminal activities: physical traces, other information collected at the scene, electronic traces, as well as reconstructed descriptions of cases. (Modus operandi, time intervals, duration and place) and their relations (links between cases, series).

Types of Forensic Profiling

i. DNA Profiling: Used for the identification of individuals on the basis of their respective DNA profiles.

ii. **Digital Image Forensic:** This covers image source identification (which is based on specific characteristics of the image acquisition device or technology) and malicious post-processing or tampering (which aim is for instance to verify the integrity of particular features).
iii. **Illicit Drug Profiling:** Which refers to the systematic extraction and storage of chemical attributes of drugs seized in order to obtain indications on the manufacture and distribution processes, the size and the evolution of the market).
iv. **Forensic Information Technology (Forensic IT)** which refers to the analysis of the digital traces that people leave when using information technology.
v. **Offender Profiling:** That is psychological profiling of the criminal.

Forensic Accounting

It is difficult to conceptualize forensic accounting without comparing it with auditing, mainly because auditing has been used to assess business positions, accounting malpractices and even today auditors do perform investigative jobs. Auditors have been involved in carrying out fraud investigations, expert witnesses, due diligence, and so on. Probably as a new era, and professional advancement unfolding various strengths and, and opportunities and embracing various perspectives, there is none gainsaying that accounting is also in this same trend. The main aim of forensic accounting is not only to understand how a fraud was committed but to document it with the highest possible accuracy.

Accounting to Gomide (2008). In the treatise, EFG cited that it falls under general information or certain topics, or subjects as it can be sorted. Forensic accounting is intimately related to auditing particularly when forensic auditing is discussed, services provided by accountants include, amongst others: expert witnesses, being forensic services to give proof in accounting issues in litigations and auditing and to certify the veracity of accounting statements diligent. The forensic job is analytical in as much as in the end it tries to calculate the rate at which losses have been inflicted on the business. Generally, reporting in forensic accounting is programmed for a certain period. Yet, different from auditing, there are no regulatory organizations that control efforts to be put into forensic accounting.

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

Bologna and Lindquist (1987) defined forensic accounting as the application of financial skills and investigative mentality to unresolved issues, conducted within the context of the rules of evidence. As a discipline, it encompasses financial expertise, fraud knowledge, and a sound knowledge and understanding of business reality and the working of the legal system. Its development has been primarily achieved through on-the-job training as well as experience with investigating officers and legal counsel. In the views of Razee, Crumbley, and Elmore (2009), Forensic accounting is simply a specialty field in accounting that deals with the identification of financial fraud, and reports in a way that would be suitable for use in a court of law.

Howard and Sheetz (2006) define forensic accounting as simply the process of interpreting summarizing and presenting complex financial issues, succinctly, and factually often in a court of law as an expert witness. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation. Forensic Accounting is the fastest growing and highest paying field of accounting, and with the integration and complexity of the global markets and financial institutions, it would be in greater demand within the next few decades. The needs of the government's regulatory authorities and courts for a high level of expertise for the analysis of intricately devised frauds underlie the importance of forensic accounting (Ramaswamy, 2005).

Forensic accountings provide services in accounting, auditing investigation, damages claims, analysis valuation, and general consultation and have critical roles in divorce, insurance claims, personal damage claims, fraud claims, construction, auditing of publication right, and in detecting terrorism by using financial precedence (Hassan & Morteza, 2012).

Three main areas of Forensic Accounting

Forensic accounting broadly encompasses three overlapping areas: Financial analysis and fraud investigations, dispute resolution (particularly expert services, litigation support and expert determinations), and forensic technology services

Types of Forensic Accounting

There are various types of forensic auditing that can take place, and they are typically grouped by the types of legal proceedings that they fall under. Below are some of the most common examples:

i. Financial theft (customers, employees, or outsiders)
ii. Securities fraud
iii. Bankruptcy
iv. Defaulting on debt
v. Economic damages (various types of lawsuits to recover damages)
vi. M & A related lawsuits
vii. Tax evasion or fraud
viii. Corporate valuation disputes
ix. Professional negligence claims
x. Money laundering
xi. Privacy information
xii. Divorce proceedings

Objectives of Forensic Accounting

The main objective of forensic accounting is to find proof of a crime and to present it in a way that can stand up in a court of law. Looking into the financial records of an individual, or even an entire corporation, is a massive undertaking that requires the specialist skills of forensic accountants. The prevention of crime is also crucial for auditors, who are hired to ensure your company's financial records are compliant with laws and regulations.

Objectives of forensic accounting as espoused by ICMAI (2014):

i. To use the forensic accountant's conclusions to facilitate a settlement, claim, or jury award by reducing the financial component as an area of continuing debate
ii. To avoid fraud and theft
iii. To restore the downgraded public confidence
iv. To formulate and establish a competent corporate governance policy
v. To create a positive work environment

Purpose of forensic accounting

i. Prove financial crimes ii. Prevent financial crimes iii. Anticipate future crimes Forensic accounting is as much about the criminal as their crime, so there is much more to the field than just numbers. Forensic accounting professionals must create a clear picture based not only on figures but also on the company's broader operations.

How forensic accounting work

Forensic accounting takes into account a wide range of documents to uncover crimes, including:

a. Examining financial statements b. Talking to associated parties c. Examining internal data d. Examining court records e. Collaborating with government officials or lawyers f. Examining bank statements, credit statements g. Examining correspondence like invoices, letters, and emails h. Conducting interviews i. Observing and proving changes in the lifestyle of the accused, i.e., increased spending Forensic accountant professionals also need to employ their traditional accounting skills to determine whether the company's expected revenues match their actual revenues. They must then make this digestible to a court using graphs, sheets, or other visualisation methods.

The Role of Forensic Accounting

The Role of Forensic Accounting in Solving the Vexed Problem of Corporate World according to Owojori and Asaolu (2009) are as follows:

i. Giving preliminary advice as an initial appraisal of the pleading and evidence available at the start of proceedings.

ii. Identifying the key documents which should be made available as evidence is important when the forensic accountant is acting for the defense and lawyers are preparing lists of documents to tender in court.
iii. Preparing a detailed balanced report on the quantum of evidence, written in a language readily understood by a non-accountant and dealing with all issues, irrespective of whether or not they are favorable to the client.
iv. Reviewing expert accounting reports submitted by the other party which may have an impact on the quantum of evidence and advising lawyers on these reports.

Importance of Forensic Accounting

Forensic accounting is an exciting and rewarding field that allows professionals to use their accounting knowledge and investigative skills to catch criminals, settle lawsuits, and reduce the risk of large-scale fraud.

The following are the importance of forensic accounting;

a. Complex Litigation

Many of today's financial disputes require specialized attention that even knowledgeable attorneys are unable to provide. Forensic accountants can lend a hand by deciphering complicated financial issues and relaying them in a way that both attorneys and their clients can understand. Forensic accountants may also play an investigative role in civil cases, working with attorneys to find unreported income or assets.

b. Government Investigations

Forensic accountants' investigative abilities can be put to good use, not only in standard civil disputes but also in larger government investigations. For example, in major criminal investigations, forensic accountants can play a chief role in tracing complex money trails. Although non-agent consultants may be relied on at the regional and state level, the hundreds of forensic accountants employed by the FBI typically handle sensitive matters. Accounting currently qualifies as one of five main FBI Special Agent Entry Programs. Other major government employers include the IRS and the SEC's Division of Enforcement.

c. Prevention and Risk Management

Corporate entities and government agencies are increasingly turning to forensic accounting experts for assistance with preventive measures, designed to keep fraud and the associated expense of the investigation (and litigation) process to a minimum. Forensic accountants may be asked to conduct thorough internal audits, through which potential pitfalls are uncovered. After identifying problem areas, forensic accountants can help corporate and non-profit clients take the necessary next steps to minimize the potential for fraud. In the corporate environment, forensic accountants can also monitor for compliance with emerging regulations. Forensic accounting represents the only realistic approach to gaining a deeper understanding of what's going on behind the scenes in a financial capacity. As such, for any business with an interest in minimizing losses and maximizing revenues, it is an invaluable specialism.

The primary importance of quality Forensic Accountancy includes:

i. Minimized Losses. The primary benefit of strong forensic accounting is how it can help minimize and prevent unnecessary loss. Fraudulent activity and general financial discrepancies cost the business community extraordinary sums of money, every hour of every day. The forensic accountant ensures this isn't allowed to happen.

ii. Improved Efficiency. Forensic accountants play a key role in examining and investigating current financial processes and standards, which can help in the identification of more effective and efficient solutions. The whole process is one of detecting problems and areas of improvement for the benefit of the business.

iii. Reduced Exploitation Risk. By proactively patching any obvious 'gaps' in current financial operational standards, the forensic accountant can ensure that the risk of future exploitation is significantly reduced. It's a case of protecting the best interests of the business before fraudulent activity can take place.

iv. Avoidance of Legal Problems. Dealing with instances of fraud (internal or external) can be spectacularly disruptive and costly for the business. In an ideal situation, forensic accountancy can be used to avoid such scenarios from ever occurring by both preventing fraudulent activity and nipping any problems detected in the bud.

v. Improved Brand Reputation and Authority.

Justification on Importance of Forensic Accounting

According to Onabolu (2017), the discipline is beginning to see many avenues for additional proficiencies that go beyond skill sets and it plays a crucial role in determining the outcome of courtroom events. Forensic Accounting is in its current state due to a few factors- one of which is the rise of a new generation of hopeful entrepreneurs and business professionals.

With the new reliance on technology, the role of the forensic accountant has expanded into the digital world. Information stored online regardless of the strength of passwords and other security features is always at some level of risk and the modern forensic accountant has evolved their skills to include various methods of investigation that apply to the ever-changing digital world. They can be commonly seen sifting through enormous email accounts and other digital services for the hint of fraudulent activity, just as easily as they are found sorting boxes of files, folders, and forms. However, forensic accounting can be considered as a methodology of resolving fraud allegations from inception to disposition including obtaining evidence, interviewing, writing reports, and testifying. The ACFE's manual states that fraud examiners also assist in fraud prevention, detection, investigation, and remediation (Rezae, 2002). Like most forensic sciences, fraud and forensic accounting may involve using financial information to piece together or reconstruct past events in instances where that construction is likely to be used in some judicial proceeding (e.g. criminal or civil court, deposition, mediation, arbitration, or settlement negotiation).

Advantages of Forensic Accounting

1. Helps solve and prevent financial crimes
2. Helps monitor your current processes and teams
3. Helps evaluate the compliance of parties you are considering working with However, introducing forensic accounting can be a sensitive issue. If your team feels that their professionalism or integrity is under investigation, morale can drop.

Components of Forensic Accounting

There are two major components of forensic accounting as stated by ICMAI (2014) as corroborated by Oyedokun (2017):

a. Litigating services: The litigation service component of forensic accounting recognizes the role of an accountant as an expert consultant.

b. Investigative service: requires the use of forensic accountant's skills and may require courtroom testimony. Litigation support assists all nature in a matter involving existing or pending litigation. It deals primarily with issues related to the quantification of economic damages, while investigative accounting is associated with the investigation of criminal matters (Zysman, 2001).

Under litigation support, forensic accountant assists in:

i. Obtaining documents necessary to support or refute a claim.

ii. Reviewing the relevant documentation to form an initial assessment of the case in an identified area of loss.

iii. Examination for discovering, including the formulation of the act regarding the financial residence.

iv. Attendance at the examination for discovery to review the testimony, assists with understanding the financial issues, and formulates additional questions to be asked.

b. While investigative forensic accounting services, on the other hand, reviews the factual situation and provides suggestions regarding possible courses of action, assist with the protection and recovery of assets, coordinate other experts (Zysman, 2001).

Stages of Forensic Accounting Operations

Forensic accounting covers a broad spectrum of activities, with terminology not strictly defined in regulatory guidance. Generally, the term 'forensic accounting' is used to describe the wide range of investigative work that accountants in practice could be asked to perform. The work would normally involve an investigation into the financial affairs of an entity and is often associated with investigations into alleged fraudulent activity. Forensic accounting refers to the whole process of investigating a financial matter, including potentially acting as an expert witness if the fraud comes to trial. Although this article focuses on investigations into alleged frauds, it is important to be aware that forensic

accountants could be asked to look into non-fraud situations, such as the settling of monetary disputes about a business closure or matrimonial disputes under insurance claims.

The process of forensic accounting as described above includes the 'forensic investigation' itself, which refers to the practical steps that the forensic accountant takes to gather evidence relevant to the alleged fraudulent activity. The investigation is likely to be similar in many ways to an audit of financial information, in that it will include a planning stage, a period when evidence is gathered, a review process, and a report to the client. The purpose of the investigation, in the case of alleged fraud, would be to discover if fraud had taken place, to identify those involved, to quantify the monetary amount of the fraud (ie the financial loss suffered by the client), and to ultimately present findings to the client and potentially to court.

Finally, 'forensic auditing' refers to the specific procedures carried out to produce evidence. Audit techniques are used to identify and to gather evidence to prove, for example, how long the fraud has been carried out, and how it was conducted and concealed by the perpetrators.

The objective of Forensic Investigations

The objective of a forensic investigation is to obtain evidence that might be used in legal proceedings to resolve a dispute or prove innocence/guilt in a criminal case, such as providing evidence of money laundering. Often forensic investigations are usually reactive, meaning that they seek to prove or disprove suspicions of wrongdoing and provide evidence for legal proceedings. However, investigations can also be proactive or preventative. Techniques of forensic auditing can be used to identify risks of wrongdoing and then steps can be taken to improve the situation.

Such investigations involve four phases as given below:

a. Planning phase;
b. The phase of gathering evidence;
c. Review phase; and
d. Report to the client.

Types of Investigation

The forensic accountant could be asked to investigate many different types of fraud. It is useful to categorize these types into three groups to provide an overview of the wide range of investigations that could be carried out. The three categories of fraud are corruption, asset misappropriation, and financial statement fraud.

1. **Corruption**

There are three types of corruption fraud: conflicts of interest, bribery, and extortion. Research shows that corruption is involved in around one-third of all frauds.

i. In a conflict-of-interest fraud, the fraudster exerts their influence to achieve a personal gain which detrimentally affects the company. The fraudster may not benefit financially, but rather receives an undisclosed personal benefit as a result of the situation. For example, a manager may approve the expenses of an employee who is also a personal friend to maintain that friendship, even if the expenses are inaccurate.

ii. Bribery is when money (or something else of value) is offered to influence a situation.

iii. Extortion is the opposite of bribery, and happens when money is demanded (rather than offered) to secure a particular outcome.

2. **Asset Misappropriation**

This is the most common frauds are those involving asset misappropriations, and there are many different types of fraud that fall into this category. The common feature is the theft of cash or other assets from the company, for example:

i. Cash theft – the stealing of physical cash, for example, petty cash, from the premises of a company.

ii. Fraudulent disbursements – company funds being used to make fraudulent payments. Common examples include billing schemes, where payments are made to a fictitious supplier, and payroll schemes, where payments are made to fictitious employees (often known as 'ghost employees').

iii. Inventory frauds – the theft of inventory from the company.

iv. Misuse of assets – employees using company assets for their interest.

3. Financial Statement Fraud

Financial statement fraud is the deliberate misrepresentation of a company's financial statements, whether through omission or exaggeration, to create a more positive impression of the company's financial position, performance and cash flow. Financial statement fraud is the deliberate over/under statement of financial statement balances in many cases to make a company appear to be in better financial condition than it really to deceive a financial statement user.

How financial statement fraud can be detected

The most common warning signs include: Accounting anomalies, such as growing revenues without a corresponding growth in cash flows. Consistent sales growth while competitors are struggling. A significant surge in a company's performance within the final reporting period of a fiscal year.

Reasons for Forensic Accounting

Accounting is an age-old system with the conventional idea of a numeric transaction purpose wise and chronologically. Conventional accounting could not bring into light many financial irregularities appropriation and expropriation detrimental to stakeholders. With complex trade patterns with the international angle, it was seen to be inadequate to the expectation of corporate culture. Governance was held to be a central theme but orthodox transactional audit and accounting systems did not cope with the expectations. Corporate strategies could not be constructed with historical data. To cope with the dynamic situation, continuous revision of accounting standards throughout the globe became a usual practice in the accountancy profession (ICMAI, 2014).

Information technology came into the picture for combating the situation as a result of various causes. For proper risk management, the reputational risk was to be managed which involves effective E-management business process re-engineering, corporate governance, and proper IT platform. The occasion of fraud and irregularities and lapses in compliance culture necessitated proper investigation thereof and a strong preventive environment. Thus, forensic accounting was called to detect planning of the fraud, execution of the fraud, consequences of the fraud, and book the culprits without much time lag.

Fraud Examination and Investigative Accounting

A forensic accountant or fraud examiner is typically an accountant that is hired by a large firm or company but can also be engaged in public practice. Or can be employed by insurance companies, banks, police forces, government agencies, or other organizations. The forensic accountant would be hired by such an organization to investigate, analyze interpret, summarized, and present complex financial & business information so that it can be easily understood and properly supported.

According to Bhasin (2007), forensic accountants are trained to look beyond the numbers and deal with the business realities of situations. Analysis, interpretation, summarization, and the presentation of complex financial business-related issues are prominent features of the profession.

He further reported that the activities of forensic accountants involve:

1. Investigating and analyzing financial evidence;
2. Developing computerized applications to assists in the analysis and presentation of financial evident;
3. Communicating their findings in the form of reports, exhibits, and collections of documents; and
4. Assisting in legal proceedings, including testifying the courts, as an expert witness, and preparing visual aids to support trial evidence.

Theoretical Framework

Game Theory was used for this study. One theory that explains the prevalence of public sector corruption is the game theory. This theory borrows from economic literature and seeks to provide rationales for corrupt decisions by public officials. In particular, Macrae (1982) suggests that corruption is part of a rational calculus and an integral and often deeply rooted method by which people take decisions. In this context, individuals face a "prisoner's dilemma", which "illustrates a conflict between individual and group rationality" (Kuhn, 2019). The individual fears a disadvantage if she refuses to engage in corrupt practices while other individuals do not refuse to do so in the same situation. As a result, all individuals obtain some sort of benefit which, however, is always less than the benefit that each of them would have obtained if they refused to engage in corrupt practices. This is

illustrated, for example, in the area of public procurement, where participants in corruption include private sector actors that are unsure of the actions of others. The fear of being outdone by competitors acting illegally or unethically thus motivates otherwise ethical companies to engage in procurement corruption. It should also be noted that various situational and psychological factors could play a role in fostering unethical behaviour, sometimes despite an individual's best intentions to act ethically.

Literature Review

KPMG (1999) defines forensic accounting as assistance in disputes which are likely to involve litigation, arbitration, expert determination, mediation or an enquiry by an appropriate regulatory authority, and investigation of suspected frauds, irregularity or impropriety proceedings which could potentially lead to civil, criminal or disciplinary proceedings, which focuses primarily on accounting issues.

Chilver (2000) defines forensic Accounting as the use of investigative techniques, integrated with accounting and business skills, to develop information and opinions for evidence in court and used by expert witnesses. Forensic accounting is recognized as a form of professional expertise and endowed with specific attributes; the recognition comes from possessing a formal certification in forensic means suitable for use in a court of law, and it is to that standard and potential outcome that forensic accountants generally should work (Crumbley, Heitger, & Smith, 2005).

In the view of Howard and Sheetz (2006), forensic accounting is the process of interpreting, summarizing, and presenting complex financial issues, succinctly, and factually often in a court of law as an expert. Accounting is all about numbers and working out what they mean for your business, but sometimes numbers don't show the whole truth. Forensic accounting considers more than just figures to fully display the financial status of a company in legal terms. Explore forensic accounting in greater depth with our comprehensive guide.

Gottschalk (2010) states that the focus of forensic accounting is evidence revealed by the examination of financial documents. The evidence collected or prepared by

a forensic accountant may be applied in different contexts. According to Curtis (2008), Forensic accountants are essential to the legal system, providing expert services such as fake invoicing valuations, suspicious bankruptcy valuations, and analysis of financial documents in fraud schemes. These fraud auditors calculate values, draw conclusions and identify irregular patterns or suspicious transactions by critically analyzing the financial data (Arodiasmy & Cristal, 2009). It provides an accounting analysis to the court for dispute resolution in certain cases and it also provides the court with an explanation of the fraud that has been committed. That is why forensic accounting may play a vital role in detecting and reducing accounting frauds in the business sector. In this concept, forensic accountants provide an account analysis to determine the facts necessary to resolve a dispute before it is brought before the court or the lawsuit process takes its course (Ozkul & Pamuke, 2012).

Methodology

The study used the Descriptive Design method for comparing variation between two or more mean measure in different situations and is used when the full sample is divided into several groups based on one or more non-metric independent variables and the dependent variables analyzed are in metric dependent variables. Data used for this study consist of both primary and secondary data. The Purposive Sampling Technique was used for this study. The chi-square test was also used to determine if a difference between observed data and expected data is due to chance, or if it is due to a relationship between the variables one is studying.

Discussion of Findings

Having carried out a successful research work, data analyzed and presented the discussion of the study follow thus: In the discussion series, it was noticed that not everyone knows about the importance of Forensic Accounting. The result shows that forensic Accounting and Forensic Profiling has really helped the government in the recovery of misappropriated funds. This explains that the higher level of fraud, corruption etc in Nigeria hinder economic growth. The short-run estimates revealed a negative but insignificant speed of adjustment implying that initial deviations (incident by corruption indicators) in Corruption Perspective Index does not significant adjust to the long-run in Nigeria at 5% critical level. However, it converges to long run equilibrium by 0.05% yearly. The problems of the

legislation and action planning as well as community sensitization refers to the best organizational model to combat corruption. The implementation of a risk management system and introduction of investigation and prosecution mechanisms can be effective in reducing corruption. The institutional approaches (EFCC, ICPC, etc) are still the most effective instruments in controlling corruption if they are properly applied without selective, judgment could yield a positive result. Some laid down strategies known for effective forensic profiling was discussed. The use of DNA labs; having trained investigators in forensic studies and the use of technological gadgets are parts of what criminal profiling is supposed to entail in Nigeria. The availability of adequate and active forensic profilers including knowledge, equipment is paramount to a successful investigation (Harry, 2012).

Findings

In preparing for in-depth research on crimes, a good forensic profiling strategy was employed. This research identified few or no trained criminal profilers; lack of basic and necessary equipment; in different countries like Nigeria, forensic profiling has similar and peculiar problems. The nature of Forensic Science in Nigeria has a tense or unrealistic nature based on this study. Crime scenes are tempered with; investigators do not respond on time; an eye witnesses to crime do not cooperate to investigators. Such is the nature of forensic profiling in Nigeria as discovered in this research work. This study reveals the need for more forensic accounting and forensic profiling in a Nigeria that has been plague with incessant fraudulent activities, corruption, white collar crime etc. It also reveals that there is more work to be done as long as forensic profiling is concerned, to help build our economy.

Conclusion

The concept of Forensic Science, as something pertaining to, or used in a court of law was explained. Forensic science developed long ago in China and is subdivided into about twenty areas. We also discussed the role of forensic profiling as a process of discovering correlations between data in data bases, and using the information to identify subjects. Types of forensic profiling were also discussed, especially the DNA profiling used for the identification of individuals on the basis of their respective DNA profiles. It's almost impossible to do away

with forensic profiling in our society in recent times. It is also imperative to say that forensic profiling is important to national development. The long-time reign of corruption in the country has impacted negatively on economic growth in Nigeria. It has also decayed or deteriorated the country's cultural values. The negative impact of corruption on economic growth and the decaying standard of Nigerian cultural values have necessitated the need for value reorientation in order to bring redemption to the country's national character and image.

Recommendations

i. Government should employ a good forensic profiling strategy.
ii. Government should encourage the use of forensic profiling to investigate financial crimes.
iii. Government should fund agencies responsible for forensic profiling of financial crime in Nigeria.
iv. Government should be proactive in terms of actions against financial crimes and also be ready to be faced with the challenge to increase transparency and accountability in all government activities.

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