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FORENSIC ACCOUNTING IN MITIGATION OF CORPORATE FRAUD IN NIGERIAN BANKS

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ABSTRACT

The paper examined forensic accounting on mitigation of corporate fraud in Nigerian banks. The study adopts descriptive research design. *The population of this study composed of 103 small and medium scale enterprises in South East. The top, middle and*

Introduction

Background of the Study

Fraud has been associated with human organization from recorded history. The eradication of which has remained elusive in most parts of human society and civilization. In other words, fraud and financial crimes generally, although complex, have existed since time immemorial, evolving over the centuries and becoming more complex and difficult to investigate causing catastrophic consequences to businesses and the economy of a country. 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

lower level managers were employed as the sample for the study. The study made use of primary data which was collected through semi-structured questionnaire. The data obtained were analyzed with the help of SPSS Version 21 and F-test in Analysis of Variance (ANOVA) and t-test were used to measure statistical significance and t-statistic to test statistical significance of study coefficients. The result revealed that the coefficients of determination shows that at 95% confidence level all the variables (proactive fraud audit, compliance with policies, robust internal controls, management override of controls, segregation of duties, dispute resolution, and litigation support) of forensic accounting had a positive and significant effect on the fraud mitigation in banks. The paper therefore, concluded that, there is correlation between forensic accounting and mitigation of corporate fraud in Nigerian banks. The paper recommended among others that corporate institutions should adopt proactive fraud audit, compliance with policies, etc, measures in order to detect and prevent certain frauds and financial errors in corporate organizations. The study suggested that further study should be conducted in public sector so as to compare how both private and public sectors deal with the challenge of fraud in Nigeria.

Keywords: Forensic, Accounting, Mitigation, Corporate Fraud, Nigerian Banks

the area of financial reporting. In many quarters, forensic accounting is equated to financial audit but they appear to be miles apart. Forensic accounting arises from the effect and cause of fraud and technical error made by human. It is usually described as the integration of accounting and auditing skills with investigative techniques and professional skepticism.

The skill set and activities encompassing forensic accounting have been around for quite a while, although it wasn't necessarily always called forensic accounting. As far back as 1554, an individual by the name of Hercules De Cordes, a schoolmaster and bookkeeper, testified on three occasions as an expert witness. By the late 1800s, articles relating to fraud, investigations, and expert witnessing began to appear. The person credited for likely being the first to coin the phrase forensic accounting was Maurice E. Peloubet, a partner in the public accounting Pogson, Peloubet & Company in New York. The modern definition derived from case law focuses on the intent of the fraudster into separate the trusting victim from property or a legal right through deception for their own benefit. This deception involves any false or misleading words or actions or omissions or concealment of facts that will cause legal injury (Pedneault, Rudewics, Sheetz & Silverstone, 2012). Similarly, organization stakeholders have clearly raised expectations for ethical organizational behaviour. As a result of regulators globally have increased criminal penalties that can be levied against organizations and individuals who participate in committing fraud. This is important because, banking industry has become more complex with the development in the field of information and communication technology, which has changed the nature of bank fraud and fraudulent practices.

The recent wave of corporate fraudulent financial reporting has prompted global actions for reforms in corporate governance and financial reporting, by governments and accounting and auditing standard-setting bodies in the U.S. and internationally, including the European Commission (EC); the International Federation of Accountants (IFAC); the Organization for Economic Co-operation and Development (OECD); and others, in order to restore investor confidence in financial reporting, the accounting profession and global financial markets.

Forensic accounting is understood to have evolved in response to certain emerging fraud related cases. The financial crisis of 2001 witnessed an unprecedented level of corporate accounting frauds involving some of America's largest corporations. Executives from Enron, Tyco, WorldCom, Global Crossing, Quest, Aldelphia and ImClone were all tried and convicted for committing one form of accounting fraud or another. These scandals have drawn or shocked the world and exposed corporate deceit and greed embedded in human minds to the field of forensic accounting, more and more attention is now given to the field (Ozuomba, Ofor & Okoye, 2016).

The enactment of Sarbanes-Oxley Act (SOA) of 2002 was the U.S. government's quick-fix response to the wave of fraudulent corporate financial reporting experienced during the 1990s and early 2000s, and represented a significant step in regaining investors' confidence in the global financial reporting process. In response to corporate and accounting scandals, the effects of which are still being felt throughout the U.S. economy, and in order to protect public interest and to restore investor confidence in the capital market, U.S. lawmakers passed the Sarbanes-Oxley Act of 2002. Sarbanes-Oxley Act heightened the focus on fraud prevention and regulatory compliance in companies, fueling the need for internal auditors and forensic accountants, among others. . External auditors of such registrants, regardless of their nationality or place of business, are subject to the oversight of the Public Company Accounting Oversight Board and to the statutory requirements of the SOA.

Seven years later, in 2008, the global financial system was struck by a global financial crisis ("GFC") that changed the financial and economic

landscape of the world (Sikka, 2010a). Immediately after the GFC, a litany of corporate accounting scandals began to make headlines.
Moreover, financial related fraud and increase in financial crime has led to the need of forensic accounting in order to aid investigation and prosecution of the syndicates of financial crimes just liked in the case of some prominent political parties ex-governors in Nigeria are presently facing trials on money laundering, embezzlement, misappropriation of funds, security fraud, breach of contract from different court of laws within the country and many more including some public civil servants that converted public treasury as personal assets to their pockets.
A Global Economic Crime Survey ("GECS") conducted by PricewaterhouseCoopers ("PwC") found that accounting fraud is on the rise and poses a serious threat to business (PwC, 2014). The GECS noted that unless fraud control and prevention measures are implemented, businesses will be at greater risk of irreparable damage from fraud. To investigate accounting chicanery and other frauds, the GFC.

Statement of Problems

With an upsurge in financial accounting fraud in the global economy, forensic accounting has become an emerging topic of great importance for academic, research and industries. The increasing rate of frauds and financial crimes in Nigerian economy has made corporate organizations to develop means of facing these challenges with the use of forensic accounting services.
Fraud is believed to be a global phenomenon that affects all facets of the economy in the world. With the rapidly profit growing banking industry in Nigeria, frauds are increasing fast, and fraudsters have started using innovative methods to mitigate the challenge including

forensic accounting. By leveraging the power of data analysis software, banks can detect fraud sooner and reduce the negative impact of significant losses owing to fraud. Although, banks cannot be 100% secured against unknown threats, a certain level of preparedness can go a long way in countering fraud risk. Most frauds in the banking institutions are detected through customer complaints, followed by an internal or external tip, which is in line with global trends; forensic accounting professionals should play an integral role in their organization's fraud fighting efforts. Some other promising steps to control frauds are: educate customers about fraud prevention, make application of laws more stringent, leverage the power of data analysis technologies, follow fraud mitigation best practices, and employ multipoint scrutiny. Fraud impacts organizations in several areas including financial operational and psychological ways. Detecting fraud is not an easy task and requires thorough knowledge about the nature of fraud, why it is committed and concealed (ACFE, Report to Nations, 2016). The failure of statutory audit to prevent and reduce misappropriation of corporate fund and an increase in corporate crime has put pressure on the professional accountant and legal practitioner to find a better way of exposing fraud in business world.

Objectives of the Study

The study seeks to identify how forensic accounting can mitigate corporate fraud in Nigerian Banks

Research Questions

In order to achieve the objectives above, the following research questions are raised

1. How can fraud awareness and redflags mitigate corporate frauds in banks?

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2. How can internal review, management responsibilities and audit committee reduce corporate frauds in banks?
3. How can dispute resolution and litigation support contribute in corporate fraud mitigation?

Research Hypotheses

Ho: There is correlation between fraud awareness and redflags and mitigation of corporate fraud in banks

Ho: There is significant relationship among internal reviews, management responsibilities and audit committee and mitigation of corporate frauds in banks

Ho: There is significant contribution of dispute resolution and litigation to corporate fraud mitigation in banks

REVIEW OF RELATED LITERATURE

Conceptual Framework

Concepts of Forensic Accounting

In the words of Joshua et al (2013) 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. We have seen auditors perform fraud investigation, expert witnessing, due diligence; etc. Probably as a new era, and professional advancement unfolding various strengths and opportunities and also embracing various perspectives, there is none gainsaying that accounting is also in this same trend.

Manning (2002) in Henry and Ganiyu (2017) defines forensic accounting as the science of gathering and presenting financial information in a form that will be accepted by a court jurisprudence against perpetrators of financial and or economic crimes. It provides an accounting analysis suitable to the court and forms the basis for discussion, debate and ultimately dispute resolution. Forensic accounting operates the practice of rigorous data collection and analysis in the areas of litigation support consulting expert witnessing, and fraud examination (Odumayo in Henry & Ganiyu, 2017).

Lakshmi, P. & Ganesh, M. (2016), forensic accountants often have to testify in an eventual trial in courts and have to provide an analysis of the accounting system comprehendible to court which will form the basis for discussion, debate, and ultimately dispute resolution. Forensic accountant should have in-depth knowledge of not only financial accounting, but also internal control systems, laws of the land, other institutional requirements, investigative proficiency, and interpersonal skills.

In short, forensic accounting integrates accounting, auditing, and investigative skills used for unearthing possible frauds in accounting. Insurance companies, banks, police forces, companies, and government agencies are major potential beneficiaries of forensic accounting. Forensic accounting involves two major components: litigation support and investigative accounting. Forensic accountants generally specialize at least in the two areas. "Litigation services" recognize the role of an accountant as an expert consultant. Joshua, Antunes, Thereza and Henrique (2013), the growth in litigation has produced accompanying opportunities in a field called forensic accounting. "Litigation support" is primarily in the nature of accounting assistance for existing or pending litigations. It is mainly concerned with issues regarding the quantifying economic damages. It involves estimating the economic loss resulting from a breach of contract. "Investigative accounting" is often associated with investigations of criminal matters. It would normally involve an investigation of employee theft, securities fraud, insurance fraud, kickbacks and proceeds of crime investigations Lakshmi & Ganesh (2016).

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 which could potentially lead to civil, criminal or disciplinary proceedings; while focusing primarily on accounting issues.

To the researcher point of viewed, forensic accounting is the application of specialized accounting skills and scientific bases to investigate the rudimental level of perpetrators act of artificial accounting activities that deals with financial record of that particular organization be it public or private sector from within and outside the dormant of the organization for legal justification in a court of law.

Concept of Corporate Fraud

The Federal Bureau of Investigation (FBI) offers a broad but useful definition of fraud that incorporates the elements recognized over the centuries: White-collar crimes are characterized by deceit, concealment, or violation of trust and are not dependent upon the application or threat of physical force or violence (Silverstone & Sheetz, 2007). Corporate fraud, therefore, is a fraud and fraudulent activities committed by top management with the aim of earning wealth illegally either individually or group resulting in the organization loosing economic benefits. Corporate frauds have led to the downfall of entire organizations, massive investment losses, significant legal costs, incarceration of key individuals, and erosion of confidence in capital markets. Association of Certified of Fraud Examiners added that publicized fraudulent behaviour by key executives has negatively impacted the reputations, brands, and images of many organizations around the globe.

According Bhasin (2013) corporate fraud involves using deception to dishonestly make a personal gain for oneself and/ or create a loss for another. The term „fraud" commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and corruption etc. The types of corporate fraud are theft of cash, physical assets or confidential information; misuse of accounts; procurement fraud; payroll fraud; financial accounting misstatement; misappropriate journal vouchers; suspense accounts fraud; fraudulent expense claims; false employment credentials; bribery and corruption, etc (Bhasin, 2013)

Mitigation Dynamics in Corporate Fraud

The importance of fraud mitigation cannot be overlooked and banks need to take measures to prevent and detect crime at all levels. However, successful corporate fraud mitigation is a challenge and several factors need to be taken in consideration if successful fraud mitigation is to be achieved. Some of the determinants of fraud mitigation are discussed below and they include proactive fraud audit, compliance with policies, robust internal controls, management override of controls and clear segregation of duties.

1) **Fraud Awareness:** The role of auditors in crime detection cannot be underestimated despite the reliance on the auditors for fraud detection being misplaced. Increased levels of fraud, a heightened regulatory environment, and pointed questions from internal and external auditors and boards of directors have caused companies to increase vigilance in their efforts to address fraud. Even amidst a culture of heightened awareness, however, an organization may be victim of fraud yet be unware of this reality. Fraudulent schemes

are often ongoing crimes that can last for months or even years before detection, making it difficult to measure the losses associated with fraud. Awareness of fraud schemes is developed through periodic assessment by management and internal auditors, training of employees, and frequent communication between management and employees.

2) **Redflags:** Red flags may relate to time, frequency, place, amount, or personality. It include overrides of controls by management or officers, irregular or poorly explained management activities, consistently exceeding goals/objectives regardless of changing business conditions and /or competition, preponderance of non-routine transactions or journal entries, problems or delays in providing requested information, and significant or unusual changes in customers or suppliers. Red flags include also transactions that lack documentation or normal approval, employees or management hand-delivering checks, customer complaints about delivery, and poor information technology access controls such as poor password controls (Institute of Internal Auditors, 2009).
3) **Internal Audit Reviews:** An effective internal audit activity can be extremely helpful in addressing fraud. Although management and the board are ultimately responsible for fraud deterrence, internal auditors can assist management by determining whether the organization has adequate internal controls and fosters an adequate control environment. According to Mohd-Sanusi (2015), internal control can be defined as a process, formulated by an entity's management, board of directors or any other personnel to provide adequate justification with regard to the attainment of the objectives in the operation's effectiveness and efficiency, compliance of applicable laws and regulations and reliability of

financial reporting. The term internal control can also be defined as a process effected by the organization's work tailored to enable the organization to attain its specific objectives (AICPA, 2003). Without proper controls, fraudsters will exploit the numerous weaknesses to control fraud and therefore, the organization has to address fraud risk in a robust manner so that the internal control is effective. Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertize of a person whose primary responsibility is detecting and investigating fraud (IIA, 2009). Internal auditing typically operates in two capacities: it provide independent, objective assessments to provide assurance on the appropriateness of the organization's governance structure and the operating effectiveness of specific governance activities; they act also as catalysts for change, advising or advocating improvements to enhance the organization's governance structure and practices. Internal auditors need to be alert to the signs and possibilities of fraud within an organization.

4) **Management Responsibilities:** Professional literature states that reporting, the responsibility of internal control and the adoption of appropriate accounting policies is purely dependent on the management and not the auditors (Farrel & Franco, 1999). Management is responsible for overseeing the activities of employees and typically does so by implementing and monitoring processes and internal controls. In addition, management assesses the vulnerability of the entity to fraudulent activity. Fraud can occur in any organization, but the degree and detail involved in the risk assessment may correspond with the size and complexity of the organization. Management is responsible for establishing and maintaining an effective internal control system at a reasonable

cost. According to KPMG Fraud Survey (2012), more concern has been raised on increased fraud incidences committed by directors and senior executives with survey data revealing that the damage to corporate is exponentially greater when senior management is associated with quantum of loss is higher when the fraudster is in the high rank the organization.

5) **Audit Committee:** An audit committee of the board of directors is the independent eyes and ears of the investors and other stakeholders. The committee's role is to evaluate management's identification of fraud risks and the implementation of anti-fraud measures, and to provide the tone at the top that fraud will not be accepted in any form. The audit committee hires external auditors to report on the financial statements of the organization and provide recommendations on internal control. The audit committee usually has oversight of the internal audit activity. Thus, the audit committee is responsible for overseeing controls to prevent or detect management fraud. In this role, the audit committee is responsible for overseeing senior management's compliance with appropriate financial reporting and for preventing senior management override of controls or other inappropriate influence over the reporting process. Assigning separate individuals with the mandate for recording transactions, authorizing transactions, maintaining custody of assets and reconciling transactions reduces the likelihood of an employee to perpetrate fraud or conceal errors while executing his or her duties.

Theoretical Framework

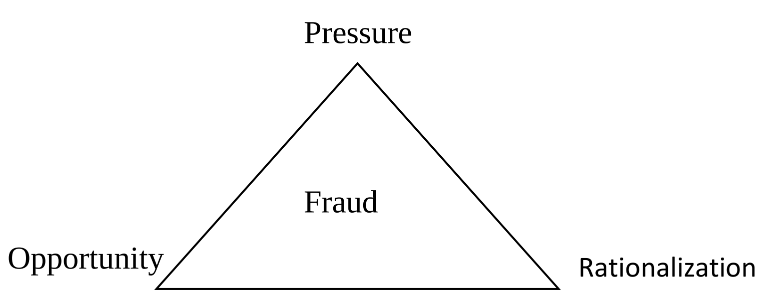
Theory is one of the critical parts of literature review in a research, it goes the memory line to unfold and link the topic of discussion to the real world. It helps to draw from the old ideas to shape the knowledge of the present. According to Jhingan (2010), no person is original in any pursuit of knowledge. He draws heavily from the ideas of the successive creative minds and formulates new ideas on their work and thought.

Fraud Triangle Theory

In 1950, Donald Cressey, a criminologist, started the study of fraud by arguing that there must be a reason behind everything people do. Cressey, working on his PhD in criminology (1953), decided that his dissertation would focus on embezzlers. Questions such as why people commit fraud led him to focus his research on what drives people to violate trust? He interviewed 250 criminals in a period of 5 months whose behaviour met two criteria: initially, people are accepting responsibilities of trust in good faith; and circumstances make them violate the trust. He relates that three factors (pressure, opportunity, and rationalization) must be present for an offense to take place.

To serve as a basis for his research, Cressey interviewed about 200 people who had been interacted for embezzling funds. He formulated the hypothesis as follows: "Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-sharable, are aware this problem can be secretly resolved by violation of the position of financial trust and are able to apply to their own conduct in that situation verbalization which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property" (Cressey, 1973). Upon, completion of his interviews, he developed what still remains the classic model for the occupational offender. His research was published in other People's money: A Study in the social Psychology of Embezzlement. Over the years, hypothesis formulated in his study has become better known as the fraud triangle. The fraud triangle views them as key conditions that tend to be present when fraud occurs. Within each of these broad risk categories, many different and specific potential red flags may be visible within a company.

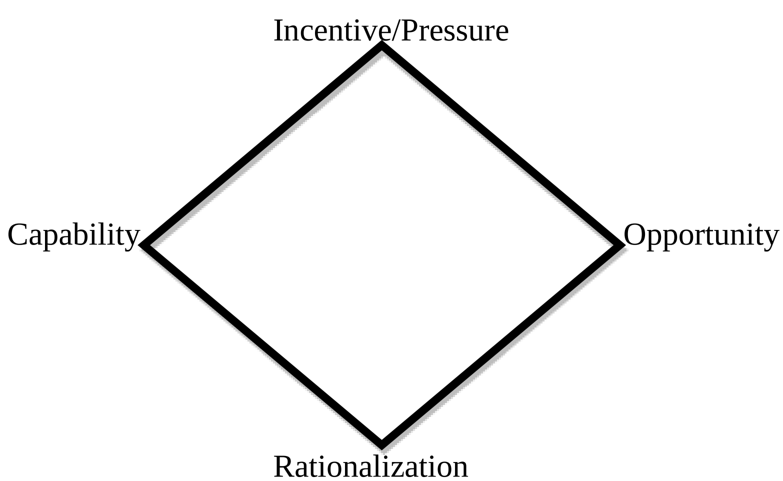
The three elements of fraud summarized by Cressey (1953) are commonly presented in a diagram. The top element of the diagram represents the pressure or motive to commit the fraudulent act while the two elements at the bottom are perceived opportunity and rationalization. Over the years, the fraud proposition has become well-known as the FTT. The Association of Certified Fraud Examiners ("ACFE"), arguably the world's largest anti-fraud organisation advocates that auditors and other anti-fraud professionals use the fraud triangle as a standard investigative method to understand the factors that cause people to commit fraud.



Source: Cressey (1953) **Fraud Triangle Diagram**

Fraud Diamond Theory (FDT)

The FDT was first presented by Wolfe and Hermanson in the CPA Journal in December 2004. It is viewed as an expanded version of the FTT. In this theory, an element named capability was been added to the three initial fraud components of the FTT. Wolfe and Hermanson (2004) argued that although perceived pressure might coexist with an opportunity and a rationalization, it is unlikely for fraud to take place unless the fourth element (i.e., capability) is also present. In other words, the potential perpetrator must have the skills and ability to commit fraud. Hence, Wolfe and Hermonson (2004) in their study, added additional variable; Capability to the conventional fraud triangle developed by Cressey in 1953.The authors believe that the fraud triangle could be enhanced to improve both fraud prevention and detection by considering a fourth element. In addition to addressing pressure, opportunity and rationalization, the researchers four sided “fraud diamond” also considers as an individual’s capability; personal traits and abilities that play a major role in whether fraud may actually occur even with the presence of the other three elements. Wolfe and Hermanson (2004) maintained that opportunity opens the doorway to fraud, and incentive (i.e. pressure) and rationalization lead a person toward the door. However, capability enables the person to recognize the open doorway as an opportunity and to take advantage of it by walking through repeatedly.



Source: Wolf and Hermanson (2004) Fraud Diamond Model

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Theory of White Collar Crime

The birth of research on white-collar crime is usually dated to the great American criminologist, Edwin H. Sutherland in his presidential address to the 34th annual meeting of the American Sociological Society in 1939, had two fundamental themes. First, it called attention to serious occupational lawbreaking by upper-level persons in business, politics, and the professions. Second, it tied the portrait of such criminal activity to a theoretical construct that Sutherland, in his presidential address (published in 1940 as "White-Collar Criminality") had labeled "differential association." It was in the course of this speech that he pointed out that such actions are not simply morally objectionable, they are criminal. Sutherland's presidential address and a decade later his classic monograph White Collar Crime embedded the words white-collar crime in our language. The term appears constantly in and on the mass media, statutes employ it as a catch-all designation for certain illegal behaviours, and judges refer to it in decisions and sentencing justifications in ways that indicate a common public understanding of what is meant.

Although Sutherland expressed many insightful views about the role of social disorganization in the etiology of criminal behaviour in his classic text, The Principles of Criminology, it is his theory of differential association for which he is most famous. In Sutherland's view, differential association was a universal theory of crime which he believed was able to account for all types of crime including, of course, the white-collar crimes. In the 1947 edition of Principles of Criminology (the last revision made by Sutherland himself) he gave a nine point summary of his theory: Criminal behaviour is learned; and that learning occurs in interaction with other persons in a process of communication; which takes place primarily in intimate personal groups; This learning includes techniques of committing the crime and motives, drives, rationalizations, and attitudes; The specific direction of motives and drives is learned from definitions of the legal codes as a favorable or unfavorable; A person becomes a criminal because of an excess of definitions favorable to the violation of the law over definitions unfavorable to such violations; These differential associations may vary in frequency, duration, priority, and intensity; The process of learning criminal behaviour by association involves all the mechanisms that are involved in any other learning; And finally, although criminal behaviour is an expression of general needs and values, it is not explained by them since all other behaviour is also an expression of those needs and values (Sutherland 1947:5-8).

In applying these principles to white-collar crime, Sutherland vigorously rejected any notion that it was caused by the immorality, biological make-up, or psychological characteristics of the criminals. People become white-collar criminals because they learn to act that way, often from their associates on the job. Underlying Sutherland's approach was therefore a key political point: the attitudes of the world of business and the upper class promote a variety of criminal activities which required strong social action to bring under control.

These theories will help to broaden forensic accountants and other stakeholders' knowledge about fraud and why it occurs. Prevention of corporate frauds reduces anxiety, improves corporate image and builds up confidence of the investors, which is essential for resource channeling in financial markets.

Empirical Review

Certain empirical had been carried out by some researchers and authors, some of the studies related to the forensic accounting in mitigation of corporate frauds have been conducted in the recent past. Some of the studies focused on different contexts, which many researchers have attempted to examine the effect of forensic auditing on fraud detection.

Concept of Forensic Accounting

Onuorah and Ebimobowei (2011) employed survey design to examine the effect of forensic accounting services in fraud detection in Nigeria banks by the use of Augmented Dickey- fuller, ordinary least square and Granger Causality test. The result revealed that the application of forensic accounting services affect the level of fraudulent activities of banks.

Adegbie and Fakile (2012) employed Chi- square and statistics package for social science to empirically evaluate forensic accounting as antidote to economic and financial crime in Nigeria. They tested four hypotheses. Adegbie and Fakile study revealed that forensic accounting is a financial strategy to curb and resolve economic and financial crimes in Nigerian economy.

Oseni (2017) examined the effects of forensic accounting services on fraud and financial crime detection and prevention in Nigeria. The survey designed was used in the study with a sample size of 160 consisting of Auchi Polytechnic, Edo State Ministry of Finance, Audit Firms and Federal Inland Revenue Services. The simple random technique was used as the sampling technique, while the chi- square was employed in the data analysis. The tests of hypothesis were done using Microsoft Excel 2010 version. Tests were carried out at a significant level of 5% and three degree of freedom. The paper revealed that financial crimes and fraud have serious negative effect on human capital and infrastructural development in developing economies, especially countries like Nigeria. Forensic accounting services provide corporate organizations with the necessary tools to detect and prevent frauds and financial crimes.

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Ehioghiren and Atu (2016). Studied forensic accounting and fraud management: Evidence from Nigeria. Primary sources of data were used for the study. The finding s was that forensic accounting significantly influences fraud detection and control, and also there is significant differences between the duties of professional forensic accountant and that of traditional external auditors.

Temitope, Muturi and Nasieku (2016) examine the relationship between forensic Accountant's responsibility competency and audit expectation gap among Nigerian Money Deposit Banks. A survey design was used to gather the information needed to achieve the objectives. A census was carried out in twenty one Nigeria Money Deposit Banks which had operating licenses from the Central bank of Nigeria. A total of 453 questionnaires were distributed to sampled respondents who were the staff of the Nigeria Money Deposit Banks, stratified into: Management team, Finance and Account department, Audit and Inspection and the Shareholders of the listed banks. Structural Equation Model (SEM) was employed to analyse the data vide SPSS 23 and SmartPLS packages in order to obtain the statistical significance and the direction of the relationships between Inner and Outer models of the study. The study revealed that there was significant and negative relationship between forensic Accountant's responsibility competency audit expectation gap among Nigeria Money Deposit Banks.

In a similar study, Henry and Ganiyu (2017) concentrated on the effects of forensic accounting services on fraud reduction in the Nigerian banking industry, focusing on effect of forensic accounting services on treasury and forex operation and effect of forensic accounting services on loan processing and cash management. Survey research method was adopted, primary data were collected, and questionnaire were administered. The correlation regression model was used to analyze the data. The findings showed that forensic accounting services reduce fraud in banking industry. The implication is that pragmatic policy options needed to be taken on internal control system and effective management of core banking operations like cash management, treasury operation loan processing and FOREX transaction must be diligently guided and subjected to forensic accounting.

Okoye and Gbegi (2013) examined forensic accounting as a tool for fraud detection and prevention in Kogi State, Nigeria. The findings revealed that the top management and senior staff are aware of forensic accounting while very few of the lower cadre has knowledge of forensic accounting. The study recommended that government and the private sector organizations in the light of present day fraud related activities in the public sector need to develop interest in forensic accounting and accountants for monitoring and investigating any suspected and confirmed management fraud.

Ijeoma (2015), empirically examine forensic accounting techniques in curbing creative accounting. Primary source of data collection was employed and the statistical tools used in analyzing the data include: Kruskal-Wallis test Mean rank and percentage distribution. From the findings of the study it was revealed that strong evidence exists on the effectiveness of techniques used by forensic accountants in helping to curb the problem of creative accounting. The result further revealed the existence of strong evidence that forensic accountants have enhanced their efficiency overtime. Also, it was found that there exists strong evidence that the emergence of forensic accountants has restored confidence in the credibility of corporate firms and their report.

Mitigation of Corporate Fraud

Enofe, Omogbon and Ehigiator (2015) investigated the impact of forensic audit corporate fraud in Nigeria with the aim of determining the relationship between forensic audit and corporate fraud. The survey method was employed and questionnaires designed and distributed to collect the needed data, while the data were analyzed using IBM SPSS statistics 21 ordinary least square (OLS) regression technique. The study revealed that the frequent utilization of forensic audit services will significantly help in the detection, prevention as well as reduction of incidences of fraud in and businesses. Consequently, forensic audit was adjudged to be an efficient and effective tool against corporate fraud.

For Enofe, Agbakpolor and Oyarebu-Ibrahim (2016) in the study of the relationship between forensic accounting and corporate fraud in Nigeria. Data were collected through primary source, with the help of a well-structured questionnaire of three sections which was administered to both public and private workers in Benin City, Edo State. A total of 100 questionnaire were administered to respondents and analyzed with simple percentage and statistical tools Analysis of Variance (ANOVA) and statistical package for social statistics (SPSS) was applied to compute the data. The study found that forensic accounting has not been effective in preventing corporate fraud in the public and private sector in Nigeria.

Madumere and Onumah (2013) investigated the effect of forensic accounting on corporate fraud and performance outcome in the Nigerian manufacturing sector. Using a match sample of 306 manufacturing firms registered with the Manufacturing Association of Nigeria (MAN). Three hypotheses proposed and tested and the findings revealed that corporate fraud is on the increase in this sector of the economy, and the reason is that most managers want to be independent at the expense of their employers. That most managers in corporate firms that supply goods to their company at very high prices thereby increasing cost of production.

Edori and Edori (2018) assessed the relationship between auditing and fraud control in corporate organizations and also assessed the most effective between internal and external auditing and forensic auditing as it regards fraud unearthing. The quasi experimental research design was employed in this work. The primary data were collected from respondents using the questionnaire. The data collected was then subjected to analysis. Three hypotheses were formulated and the Pearson product moment correlation coefficient was used in testing Ho1 and Ho2 while the chi-square was used in testing Ho3. From the results, we found out that significant relationship exist between the dimensions of auditing (traditional auditing and forensic auditing) and fraud control and we also find out that forensic auditing is more effective than internal and external auditing in unearthing fraud.

Mitigation Dynamics in Corporate Fraud

Ezeagba (2014), carried out a study on the contribution of quality assurance and forensic auditing on financial reporting in selected Nigerian commercial banks. The research design adopted in the study were the descriptive and survey designs. The annual reports sourced from the chosen commercial banks were utilized as the secondary data for the study. 200 questionnaires structured using the Likert scale were administered to the respondents who were chosen using simple stratification to collect primary data. The study reveals among others that the major qualitative traits (relevance & faithfulness) of accounting, financial reporting and the enhancement of qualitative traits (understandability) can be enhanced significantly through the use of forensic accounting.

Oguda (2015), examined the impact of internal control on detection of fraud and prevention on the district treasuries of Kakamega County. To respond to the data collection instruments, the study adopted the purposive sampling method to select treasury staff while the heads of staff were selected using the simple random sampling method. The study findings established positive associations between the appropriateness of internal control systems and fraud detection and prevention in the district's treasuries.

Bhasin (2016) focused on combating bank frauds by integration of technology: Experience of a developing country. The study used both descriptive and analytical in 2013 – 14, a questionnaire based survey was conducted among 345 bank employees of the National Capital Region area. The result indicated that there is limited separation of duties, false documentation, and inadequate or nonexistent control account for 60% of the fraud.

Olaoye and Dada (2014) investigated Analysis of frauds in banks: Nigeria's Experience. The study revealed that misplaced value fridgement and prevailing harsh economic environment, by time frauds are on the increase and banks are losing amounts running into millions of naira to fraudsters almost every day. The study recommended that the staff should be properly screened before they were employed and satisfactorily references must always be obtained. It also recommended steadfastness in punishing offenders and adoption of zero tolerance to corruption.

Ibrahim, Mohammed and Fatima (2014) examined managing bank fraud and forgeries through effective control strategies. A case study of Central Bank of Nigeria, Gombe branch. The study focused on Central Bank of Nigeria (CBN) and some selected commercial banks in Gombe. The study revealed that fraud and forgeries is pervasive in the banking sector. It recommended that solution of the problem of fraud in the banking sector should be the responsibility of the major players in the sector- the supervisory authorities such as the Central Bank Of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), Securities and Exchange Commission (SEC) etc. and the management of banking sector through adoption of a set of qualitative technique, quantitative models and appropriate strategies.

Research Gap

Consequent upon this, therefore, the paper tend the fill the gap by focusing on forensic accounting in mitigation of corporate fraud in Nigerian banks. This study is important because, in today's volatile economic environment, the opportunity and incentive to commit corporate frauds have taken the shape and modalities of organized crime, deploying increasingly sophisticated and innovative methods of perpetration. In the 21st century, as financial transactions become increasingly technology-driven, new technology seems to have become the weapon of choice, when it comes to fraudsters, and forensic accounting is the key.

RESEARCH METHODOLOGY

In this study adopts descriptive research design. The design was adopted as the researcher has interest in the actual state of affairs existing in the field and the variables are not expected to be tampered or manipulated. The population of this study composed of 103 small and medium scale enterprises in South East. These SMEs are classified into agro-allied services, banking and finance, education, health. The top, middle and lower level managers were employed as the sample for the study. The representation sample was obtained using stratified random sampling technique at the management level due to lack of homogeneity among the study population. The individuals used to gather data for the study are then randomly selected from the stratum which gives each element of the population an equal chance of being selected. In a descriptive research, a sample size of 10-50% is considered sufficient (Mugenda & Mugenda, 2003). The researcher worked with a sample size of 50% to select the respondents. Therefore, the sample size was 53 respondents.

The study made use of primary data which was collected through semi-structured questionnaire, which allowed for uniformity in the response questions and the data analyzed descriptive statistics. The data collected was tabulated, summarized and interpreted using descriptive measures. Tables were used for presentation of the findings and the mean, standard deviation, percentages and frequency were used for interpretation. To communicate the research findings, data obtained were analyzed with the help of SPSS Version 21. To quantify the strength of the associations between the variables, the researcher utilized the Karl Pearson's coefficient of correlation. This enables the detection of the association between forensic accounting and corporate fraud mitigation in banks. Forensic accounting is the independent variable while corporate fraud mitigation is dependent variable.

Parametric tests i.e., F-test in Analysis of Variance (ANOVA) and t-test were used to measure statistical significance in the difference of mean ratio. The F-test and the T-test were used at 95% confidence level. The F-test statistic was utilized to establish a statistical significance of regression equation while the t-statistic was used to test statistical significance of study coefficients.

Model Specification

The model used in this study was in the form below:

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \beta 7X7 + \varepsilon$

Where:

Y = The dependent variable fraud mitigation as measured by effective internal audit, vigorous fraud hotlines and a company's culture

A – Is a constant; it is the Y value when all the predictor values (X1,X2,X3,X4,X5,X6,X7) are zero

B1, β2, β3, β4, β5, β6, and β7 are constants regression coefficients representing the condition of the independent variables to the dependent variables

X1 – Fraud Awareness (FA)

X2 – Redflags (RF)

X3 – Internal Audit Review (IAR)

X4 – Management Responsibilities (MR)

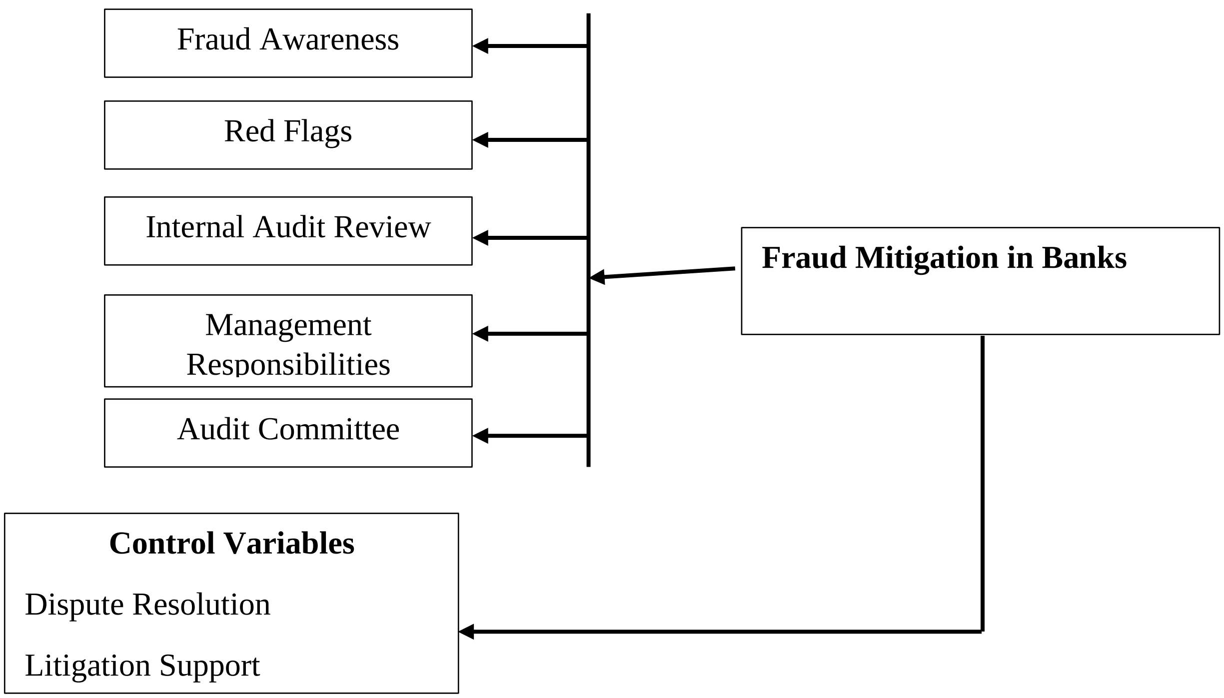
X5 – Audit Committee (AC)

X6 – Dispute Resolution (DR)

X7 – Litigation Support (LS)
Ɛ (Extraneous) Error term explaining the variability of other factors not accounted for

Description of Variables

The variables has been explained in the section two of this study, the paper will now show a diagrammatical chart of the variables



RESULT AND ANALYSIS

Table 1 **Model Summary**

Model Summary				
Model	R	R. Square	Adjusted R. square	Std. error of the Estimate
1	.867[a]	.752	.704	.18385

a. Predictors: (Constant), Litigation Support, Audit Committee, Fraud Awareness, Red flags, Internal Audit Review, Management Responsibilities, Dispute Resolution

The study found out that there was strong relationship (R=0.867) between forensic accounting and fraud mitigation in banks. Further, the study established forensic accounting to accounts for 70.4% of the total variance of the total variance in fraud mitigation in banks as evidenced by an adjusted R-Square value of 0.704.

Analysis of Variance (ANOVA)

The study further sought to establish the reliability of the regression model in establishing the relationship between a forensic accounting and fraud mitigation in banks by use of ANOVA, the results are as shown in Table 2

Table 2: Analysis of Variance (ANOVA[a])

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.349	7	.193	2.797	.017[b]
	Residual	2.251	37	.069		
	Total	3.600	44			
a. Dependent Variable: Fraud Mitigation						
b. Predictors: (Constant), Litigation Support, Audit Committee, Fraud Awareness, Red Flags, Internal Audit Review, Management Responsibilities, Dispute Resolution						

Source: Research Findings (2021)

Analysis of variance recorded a P-value of 0.017 which implies that the regression model had a significance level of 1.7%. This further implies that the model can be relied on establishing the relationship between forensic accounting and fraud mitigation in banks. This is because the recorded P-value was less than the generally accepted value of 0.05.

Coefficient of Determination

The study further sought to know how individual dynamics of forensic accounting affect fraud mitigation in banks. Regression coefficients of determination were computed and the results are shown in Table 3

Table 3: Coefficients of Determination

Coefficients[a]

Models		Unstandardized coefficients		Standardized coefficients		
		B	Std. Error	Beta	T	Sig.
1.	(constant)	4.678	1.503		3.113	.004
	Fraud Awareness	.632	.098	.450	6.449	.000
	Red Flags	.627	.127	.432	4.937	.000
	Internal Audit Review	.594	.156	.389	3.808	.001
	Management Responsibilities	.310	.123	.393	2.520	.016
	Audit Committee	.260	.123	.201	2.114	.041
	Dispute Resolution	.218	.073	.140	2.986	.005

	Litigation support	.701	.154	.604	4.552	.000
a. Dependent variable: Fraud Mitigation						

Discussion of Result

The coefficients of determination reveal that at 95% confidence level all the dynamics of forensic accounting had a positive and significant effect on the fraud mitigation in banks. This is evidenced by the high t-values and P-values 0.05. the values recorded are as follows: Fraud Awareness (t = 6.449, P =0.000), Red flags (t=4.937, P = 0.000), Internal Audit Review) t = 3.808, P = 0.001), Management Responsibilities (t=2.520, P=0.016), Audit Committee (t=2.114, P=0.041), Dispute Resolution (t= 2.986, P=0.005), and Litigation support (t=4.552, P=0.000). If forensic accounting was not done in banks, fraud mitigation would be so low at only 4.678 as evidenced by the regression equation below: $Y=4.678+0.632X1+0.626X2+0.594X3+0.310X4+0.260X5+0.218X6+0.701X7$. Where Y=fraud mitigation (the dependent variables) (see above). However, the result supports the findings of Enofe et al (2015); Henry and Ganiyu (2017), but rejects the Madumere and Onumah (2013).

Summary of Findings

The summary of findings shows the following findings from the study:

1. The study established that all the banks had fraud awareness and red flags, which impacted and affected corporate fraud mitigation to a very large extent.
2. Internal audit review were found to impact corporate fraud mitigation to very great extent, while management responsibilities

as well as audit committee impacted corporate fraud mitigation to a great extent.

3. While the findings reveals that litigation support processes contributes to corporate fraud prevention and detection in banks to a very great extent, dispute resolution contributes to corporate fraud mitigation to a moderate extent.

Conclusion

The study examines how forensic accounting can mitigate corporate fraud using the some highly rated banks in Nigeria, which include – Zenith Bank Plc, First Bank Plc, Access Bank Plc, etc. The principal objective of the study is to determine whether the application of dynamics of the forensic accounting has helped in mitigating corporate fraud. To achieve this objective, primary data were sourced from the banks for testing the hypotheses. Regression analysis revealed that there is a strong relationship (R=0.867) between forensic accounting and mitigation of corporate fraud in banks with forensic accounting amounting to 70.4% of the total variance in corporate fraud mitigation in banks. Further, the study found out that dynamics of forensic accounting (fraud awareness, red flags, internal audit review, management responsibilities, audit committee, dispute resolution and litigation support) have a positive and significant effect impact on fraud prevention and detection. The paper therefore, concluded that, there is correlation between forensic accounting and mitigation of corporate fraud in Nigerian banks.

Recommendation

From the background of the observations and findings above, the researcher recommend the following policy measures:

1. Corporate institutions should adopt fraud awareness and red flag measures in order to detect and prevent certain frauds and financial errors in corporate organizations.
2. Internal audit review, management responsibilities and audit committee in corporate organizations must be diligently guided and subjected to forensic accounting scrutiny and encrypted to mitigate fraudulent activities.
3. Dispute resolution and litigation support are necessary control measures in forensic accounting, it should be taken serious in every organizations to reduce costs of litigations.

Suggestion for Further Studies

This study only focused on the forensic accounting in mitigation of corporate fraud in banks, which is a private sector, there is need for similar study to be conducted in public sector so as to compare how both private and public sectors deal with the challenge of fraud, particularly in Nigeria.

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