



The use of forensic audit in curbing fraud in the public sector (A study of local governments in delta state)

Monday Agbeyi¹, Osugba Sylvester²

¹ Local Government Service Board, Asaba, Delta, Nigeria

² Department of Intelligence and Security Studies, Novena University, Ogume, Delta, Nigeria

Abstract

The study investigated the use of forensic audit in curbing fraud in the public sector, specifically at the local government level in Delta State. It used a mix-method research design and was guided by four research questions and two hypotheses. The sample for the study consisted of 36 auditors working in local government in Delta State. Data were collected using a semi-structured questionnaire and in-depth interview conducted for Internal, External and the Auditor General for Local Government, Delta state. Using an interview schedule and statistical analysis technique, the data were analyzed with the aid of SPSS. Results from the study showed that most of the respondents considered forensic auditing as being useful, but indicated that they do not use it in their practice. Reason provided for none use includes the threat to life, lack of training, lack of forensic auditing equipment, political and management interference in the process. On the basis of this result, it was recommended that auditors be provided with robust training that can help them integrate forensic auditing in their practice. Limitations and suggestions for further studies were also presented.

Keywords: Forensic audit, fraud, public sector, local government areas

Introduction

The return of Nigerian to the democratic system of governance heralded fresh hope for the revitalization of the nation's social, political and economic development. However, any such hope has been dashed by the reported level of corruption and fraud, especially in the public sector of the Nigerian society, including the local government level. Social observer, both local and international have repeatedly observed that the level of fraud in the present day Nigeria has assumed an epidemic proportion. This is due to part to the poor socioeconomic indicators facing the country in terms of health and economic development, despite the seeming abundance of both human and natural resources. Nigeria, the world's sixth largest producer of crude oil, has not succeeded in providing basic necessities for her citizens such as potable drinking water, good transportation system, adequate shelter, and quality health care delivery.

While the level of fraud in Nigeria has continued to generate interest both locally and internationally, the attitude of Nigerians, especially those in the public sector, has a long history. The renowned Nigerian political leader, Obafemi Awolowo, was credited to have opined that "since independence, our government has been a matter of few holding the cow for the strongest and most cunning to milk." However, this tendency towards corrupt practices in the public sector was not commenced at independence but existed even during the colonial period. Throughout the colonial period, most Nigerians were held in ignorance and poverty. The trapping of flashy cars, houses, and success of the colonist may influence the poor to see the colonist as symbols of success and to emulate the colonist in different political ways. However, involvement in the agenda of the colonial rule may inhibit idealism in the early stage of the nascent nation's development. A view commonly held during the colonial days was that the colonist properties (cars, farm,

and houses) are not "our property" thus, vandalism and looting of public fund and property were not seen as a crime against the society. These views are what had degenerated into more recent disregard for public funds, property, lack of public trust and concern for public good as collective national property. Research conducted by William, George, and Jay (2013), revealed that about 10% to 15% of employees are fundamentally dishonest and are likely to steal from the company or institution if given opportunity. About 66% of employees are likely to steal under right circumstances, such as when under pressure, or when everyone is doing it, and if an opportunity exists in contrast about 20% to 25% of employees are fundamentally honest and are unlikely to steal under any circumstances.

The case in Nigeria is likely to be more deplorable going by the consistent poor rating of Nigeria by Transparency International, a global authority on public and private corruption assessment. Recently, Transparency International (2019) recorded that Nigeria is placed at 140th position among 180 countries on corruption perception Index. Understand the negative impact fraud has on the economic and social development of a society, there have been several attempts at curbing the inimical impact of fraud, which also includes the establishment of different organizations like the Economic and financial crimes commission (EFCC), Independent Corrupt Practices and other Related Offences Commission (ICPC), different Auditing /Accounting firms and other internal control mechanisms to wipe out or reduce fraud to a tolerable level. While this has received considerable success, it is often believed that any successful intervention in fraud control must be rooted in integrating the accountants and auditors.

Nevertheless, the accounting profession has maintained the stance that the job of the external auditors is limited to expressing an opinion on whether the financial statements

issued by the reporting company or government agency has been prepared in such a way that gives a true and fair view of the transactions undertaken by the companies, institutions, and agencies during the period in question. On the other hand, the employers of the external auditors and the general public expect a lot more from external auditors. However, there has to be a way in which the increasing trend of fraudulent activities can be curbed especially in the public sector.

In the developed nations of the world, an audit is a skilled and critical investigation by an impartial observer (the auditor) into books of account, documents and vouchers from which the books have been written, with the object of enabling the auditor to gauge the veracity and accuracy of a financial statement prepared from the books and to report his opinion of its truth and accuracy (or otherwise) to the person(s) who appointed him. The financial statement is usually, but not necessarily, a set of accounts balance sheet and profit and loss account. This has continued, yet there is a large scale of fraud and fraudulent activities especially in the public sector. It is as a result of this that forensic audit has been introduced into the business environment and even at the public sector and other issues requiring forensic skills to reduce fraud. However, the use of forensic audit within the Nigerian public sector context, especially at the local government level has not been adequately investigated. It was from the background that this study seeks to investigate the extent to which forensic audit has been adopted as a tool in curbing fraud at the local government level, within the context of Delta State Nigeria.

Aim, Research Questions, and Hypotheses

The general aim of this study is to ascertain the use of, and challenges against forensic audit, in curbing fraud in the public sector. On the basis of this aim, the following research questions were answered to guide this study:

1. To what extent is forensic audit used in auditing in the public sector?
2. What are the challenges in the use of forensic audit in auditing in the public sector?
3. What are some strategies that can be adopted in overcoming challenges against the use of forensic audit in the public sector?
4. How can auditors' performance be improved in curbing fraud in the public sector?

Hypotheses

1. There is no significant relationship between auditors' status (internal auditors, external auditors, and auditor-general) and extent of usage of forensic auditing in curbing fraud in the public sector.
2. There is no significant relationship between challenges against the use of forensic audit and improving auditors' performance in curbing fraud?

Literature Review

Concept of Audit

For many individuals, audit is generally seen as monotonous, uninteresting and troublesome as a result of the early nature of auditors which involve routine checking of accounting data such as checking of casts (addition of columns), extensions (cross addition of column totals), posting agreeing one side of an entry in one account with the other side of the entry in another account), and vouching (the checking of the backing evidence such as invoice, to support an entry). To

fully appreciate the role of auditors, there is a need to adequately conceptualize its theory and practice.

The word audit comes from the Latin word "audire" which means "to hear" An audit is a skilled and critical investigation by an impartial observer (the auditor) into books of account, the documents and vouchers from which the books have been written up, with the objective of enabling the auditor to gauge the truth and accuracy of a financial statement prepared from the books and to report his opinion of its truth and accuracy (or otherwise) to the person(s) who appointed him. As seen from this definition, audit is an independent check on the completeness and accuracy of the accounting books and the communication of a financial statement. Audit reports are often made by the auditor as an investigation entailing the examination of the entries in a set of books of account, and the verification thereof by reference to the documents and other vouchers from which these books were written (Ajao, Olamide & Temitope, 2016) ^[1]. Power (1999) ^[9] defined auditing as the systematic and independent examination of books, accounts, documents, and vouchers of an organization to ascertain how far the financial statements present a true and fair view of the concern. To Rafta (2003), auditing is a systematic process of objectively obtaining and evaluating pieces of evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users. From these definitions, two objectives of the audit are hereby drawn: detection of fraud and the prevention and detection of errors. For most employees, the possibility of engaging in deliberate fraud and misappropriation of funds is very high, especially when they work in an environment where personal resources are not invested or there is a large pool of individuals who are possible suspects. In the case of the small business, the possibility may not be so high, as the proprietor supervises all the detailed work, but in the case of large business, some form of checks must be imposed on the staff to minimize the risk of fraud. The need for audit in such firms, especially in the public sector is therefore hinged on the system of internal checks. Therefore, before an auditor draws up his audit programme he considers the system of internal check-in operation because collusion between two or more employees is necessary before any fraud can take place.

The auditor pays particular attention to all classes of cash transactions, as it is in these transactions that fraud is most likely to occur. He examines the cash records with a view to determining whether any fictitious payment has been included, or whether any receipts have been omitted, as it is by these two methods that the misappropriation of money is concealed. Provided that his suspicions are not aroused, he will not make a detailed examination but will confine himself to exhaustive testing (Ajao, Olamide & Temitope, 2016) ^[1]. Another aspect in which auditors detect fraud is the falsification of account (Hadi, Paino, Ismail & Dhiyauddin, 2014) ^[4]. Accounts are sometimes falsified where a business is unsuccessful and there is a fear that the confidence of the shareholders and the public will be shaken. In other cases, the books are falsified by the manager in an effort to increase the apparent profits of the business to show how successful he has been and possibly to obtain a large commission on results. Directors too may be guilty of similar malpractice to enable them to pay dividends. In all cases of fraud of this nature, the person holding high positions in business have abused the trust placed in them by the shareholders and very often fraud is not even suspected.

Closely related to the detection of fraud, the second objective of auditing is the detection of errors. The auditor can report upon such completeness and accuracy only after detailed checking to see that any error existing in the books have been brought to light and corrected. Errors are often due either to carelessness or to ignorance, but the auditor must exercise great care to ensure that there has been no fraudulent manipulation of the accounts.

There are various criteria that can be used in classifying audit. However, the most used criteria is the employment domain of the individual auditor. Based on this criteria, auditing is classified into internal and external auditing. Internal auditors are those working within the organization who work in the capacity of an auditor to ensure that financial accounts followed the utmost financial practice. External auditors, on the other hand, are not employed to work full-time in the organization, but are consulted to undertake periodic or occasional auditing when the needs arise. They practice and are hired to determine whether the company's financial statements fairly represent the true financial position, result of operations, and cash flows in accordance with specified criteria and generally accepted accounting principles. In the public sector, including at the local government level in Nigeria, external auditors headed by the Auditor-General for Local Government are appointed by the respective state governments to audit the Accounts of Local Governments in their states.

Forensic Audit

While auditors (either internal or external) are often depended upon to provide a balanced and transparent view of an organization accounting practices, there have been an unrelenting series of embarrassing audit failures which have called for a renewed paradigm shift in accounting and auditing. These have called for the integration of expert fraud detectors called forensic accountants (Eiya & Otor, 2013) [3]. The word "forensic" as defined by Black's Law Dictionary is "used in or suitable to courts of law or public debate." Forensic audit, which is used interchangeably with forensic accounting is defined as the practice of rigorous data collection and analysis in the areas of litigation support consulting, expert witnessing, and fraud examination (Rezaee, Crumbly & Elmore, 2006) [11]. For Dada, Owolabi, and Okwu (2013) [2], forensic audit arises from the integration of accounting, investigative auditing, criminology, and investigative services. The integration of these various services was informed Levi (2001) [5] assertion that a forensic auditor is part cop, part lawyer, part auditor, and part psychologist and a skeptic.

Hence forensic auditing is the application of accounting, investigative, criminology, and litigation services skills for the purpose of identifying, analyzing, and communication of evidence of underlying reporting event. In the opinion of Institute of Forensic Accountants of Nigeria (IFA, 2011), forensic audit is the activity that consists of data gathering, verifying, processing, analyzing and reporting in order to obtain material facts and/or evidence in the area of legal or financial disputes and or financial irregularities including fraud and giving preventive advice. Forensic audit refers to the whole process of investigating a financial matter, including potentially acting as an expert witness if the fraud comes to trial. Although focuses on investigations into alleged frauds, it is important to be aware that forensic audit could be asked to look into non-fraud situations, such as the

settling of monetary disputes in relation to 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 in order to gather evidence relevant to an 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 an alleged fraud, would be to discover if a fraud had actually taken place, to identify those involved, to quantify the monetary amount of the fraud (i.e. the financial loss suffered by the client), and to ultimately present findings to the client and potentially to court.

In the final analysis, forensic audit as used in this paper is the use of intelligence-gathering techniques, as well as accounting and business skills to develop information and express opinion used by attorneys involved in criminal and civil litigation; and to provide expert witness testimony if called upon. Determining the present value of a business, intangible asset, income stream, or revenue stream, including the use of past financial performance to project future financial performance, for use in civil or criminal legal proceedings. Investigating and reporting on fraudulent financial activities, verifying, sorting, extracting, reproducing, identifying, recording, and reporting past financial data or other accounting information for the purpose of settling civil or criminal legal proceedings (Minniti, 2009) [6]. In more specific terms, the relevance of forensic auditors can be surmised as follows:

1. The forensic auditor trace out fraud and criminal transactions from financial records of public and private organizations through their search for indisputable pieces of evidence. While external auditors find out the deliberate fraudulent statement, forensic auditors employ more rigorous investigative tools to find out the fraudulent statement.
2. Forensic auditor takes a more practical, doubtful approach in investigating the books of accounting. In fact, they have nothing to do with accounting or assurance standards rather they only interested in investigating possible fraud.
3. So, auditors apply specialized knowledge and explicit skills to search for evidence of economic irregularities. The role requires reporting, where the responsibility of the fraud is recognized and the report is considered as evidence in the court or in other related administrative or legal proceedings.

As a specialized field of operation, forensic audit often follows specialized procedures, which are summarized below

1. **Plan the investigation:** When the client hires a Forensic auditor, the auditor is required to understand what the focus of the audit is and project the possible scope of the investigation.
2. **Collecting Evidence:** By the conclusion of the audit, the forensic auditor is required to understand the possible type of fraud that has been carried out and how it has been committed. The evidence collected should be adequate enough to prove the identity of the fraudster(s) in court, reveal the details of the fraud scheme, and document the amount of financial loss suffered and the parties affected by the fraud.

3. **Reporting:** A report is required so that it can be presented to a client about the fraud. The report should include the findings of the investigation, a summary of evidence, an explanation of how the fraud was perpetrated, and suggestions on how internal controls can be improved to prevent such frauds in future. The report needs to be presented to a client so that they can proceed to file a legal case if they so desire.
4. **Court Proceedings:** The forensic auditor needs to be present during court proceedings to explain the evidence collected and how the suspect was identified. They should simplify the complex accounting issues and explain in layman’s language so that people who have no understanding of the accounting terms can still understand the fraud that was carried out

Fraud

Fraud as a concept is as old as man himself, although it is often seen as starting when people began trading money for goods and services. The cost of trading money for goods and services was associated with many ills such as business default, abuse of trust, false claim etc. which led to bad business. Fraud can be defined as the use of one's occupation or position for personal enrichment through the deliberate misuse or misapplication of utilizing an organization's resources or assets. This can include fraudulent conversion and obtain money or property by false pretenses. Fraud is an intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

In its broadest sense, fraud encompasses the terms defalcation, misappropriation, and other fiscal irregularities which refer to, but are not limited to: any dishonest or fraudulent act; misappropriation of funds, securities, supplies, or other assets; impropriety in the handling or reporting of money or financial transactions; profiteering as a result of insider knowledge of company activities; disclosing confidential and proprietary information to outside parties; disclosing to other persons securities activities engaged in or contemplated by the company; accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the company; destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and any similar irregularities.

Francis Ojaide cited in Mukoro (2011) [7] sees fraud as an action of deceit, dishonesty, false claims, unlawful possession and conversion, dispossession of money; goods and services whether armed or not thereby causing the other party to be at disadvantage. To this, it is seen as a violent or nonviolent act, which is both unlawful and illegitimate activity that is harmful, destructive and obnoxious to the economic well-being of an individual, organization or society at large. But criminologists, on the other hand, believe that fraud is caused by three basic elements namely Will, Opportunity and Exit which can be commonly referred to as “WOE”. The emphasis here is that for any act of fraud to prevail the Will, to do it has to be established, the Opportunity should exist and the way of escape whether successful or not, as an Exit has to be there.

While fraud can be classified based on different criteria, the following categories of fraud have been operationalized

1. Falsification of records accomplished by the extraction of

- near equipment of cash, stores or other assets, false entries in petty cash account such as alteration of copy receipt, submission or amendment of fraudulent issues note, unauthorized write off of assets.
2. Falsification of ‘input’ in the system with the object of generating a greater ‘return’ to the criminal (or someone in collusion) than he is entitled to. Submission of timesheet including hours not worked, spurious or amended invoice, a false claim for rent/rate rebate exaggerated car allowance/expenses claim.
3. Not taking cash/assets received into account. Golf course attendant not issuing a ticket in exchange for cash, material received for stores converted to private use, contractors' men delivering to a building site but leaving still loaded by another gate, receipts from the sale of scrap not accounted for.
4. The ‘backhander’ unauthorized receipt of cash/goods/services in exchange for doing something to the giver of bride’s advantage or not doing something to his disadvantage awarding of contract, changing less or paying more than market price, failing to report criminal act on part of the giver of bride, signing for a greater quantity of stores than delivered.
5. Fraudulent manipulations of accounts by management to deceive shareholders, avoid tax, unauthorized loans, overstate assets or understate liabilities.
6. Contractors' agreeing in advance on the number of competitive tenders, unjustified rising of price jointly. Agreement to share out area or zones of activity secretly.
7. Fraud based fundamentally on forgery (can overlap other categories to some extent). Altering a document (e.g. cheque, stores issue authorization, receipt, etc) in some way after it had been made out and/or signed. Submission of an entirely spurious document. Signing for a credit card sale when not the authorized cardholder. Production for sale references or qualification certificates.
8. Insurance frauds – really in a class of their own spurious claims. Overstatement of the value of items claimed for. Deliberate loss or damage (e.g. by fire) to make claim. Non-disclosure by the intent of relevant information on the proposal form.
9. Avoidance of payment of fare, admission fee, etc. By just not paying where you can get away with it (e.g. bus fare), by showing outdated or spurious season or another document, claiming age privilege to which not entitled (e.g. cinema admission).

Fraud in Local Government

There have been a number of somewhat notorious cases over a decade now concerning fraud of both members and officers of Local Government in Nigeria. Many of those have a background of a concentration of power and influence into too few hands. ‘Normal’ safeguards are rarely effective in such cases, but this is no reason for audit not to concern itself with the security of tendering procedure and the awarding of contracts. It is their responsibility and one that cannot be avoided – to ensure that standing orders are such that they provide the maximum possible difficulty in awarding contracts to favor firms instead of on the basis of the lowest tender. Reason (and there can, of course, be good ones) for awarding contracts to ‘specialist’ firm or to firms other than by open, and lowest, due procedures, should be very carefully considered and suspicious should be aroused, and acted upon where there is any suggestion of the same firm or firms

coming up time and time again for special committee authority to employ. Attention should also be given to the possibility of those invited to a tender account being such that the lowest tenderer is almost decided before the account is even submitted. There are many ways in which this can be done – too many to set out here. Such forensic auditing or investigative auditing, involving as they may, members and senior staff and often political considerations, requires a considerable amount of diplomatic skills and discretion which can be achieved through forensic auditing and accounting.

Methodology

Design

A mixed-method research design of survey and in-depth interview. In the present study, the researcher collected data from sampled internal, external auditors in the twenty-five (25) local government areas in Delta State and the Auditor-General to ascertain the use of forensic Audit in curbing fraud in the public sector.

Study Area

Delta State is one of the 36 states in Nigeria located in the southern part of Nigeria. Created from the defunct Bendel State in 1991, the state currently has 25 local government areas, with the capital in Asaba. The states bordering Delta State are Edo to the north, Ondo to the northwest, Anambra to the east and Bayelsa and Rivers to the southeast. On its southern flank is 160 km of the coastline of the Bight of Benin, in the Atlantic Ocean. The major ethnic groups are Urhobo, Igbo, Ezon, Isoko, and Itsekiri. The state accounts for a large chunk of oil production in Nigeria, but the state government is making considerable effort to diversify the state's revenue through tourism and agricultural development. Despite this seeming abundance of human and natural resources, Delta State is enmeshed with a high level of poverty, especially at the local government level. With successive governments not allowing democratically elected LGA officials, but resorting to caretaker committees which are highly prone to fraudulent activities.

Sample and Sampling Technique

A census sampling technique was used to select all the internal and external auditors in the 25 local government areas of the state, in addition to the state's Auditor-General, which resulted in a sample of 51 respondents.

Instrumentation

The instrument for data collection is a researcher-developed instrument (Questionnaire) which was divided into three sections labeled A-C. Section A consists of demographic data such as, gender, religion, marital status, educational qualification and years of service; section B consists of open-ended Questions and a 23 items Closed Ended Constructed Questions of Yes or No and regular, often, I Cannot Remember, while section C contained spaces for the recording of in-depth interview to be used for in-depth interview. Validation of the instrument was done by two experts in forensic auditing and their suggestions integrated into the final version of the instrument before it was submitted. Reliability using the test-retest technique with 10 recently retired auditors in the state yielded a coefficient of 0.78.

Data Collection and Analysis

Personal in-depth interview were conducted and transcribed by the researchers. The Auditor-General for Local Governments, of the state, assisted in inviting all the External Auditors to the headquarters while the secretary to the Local Government Service Commission assisted to invite the Internal Auditors. Copies of the questionnaire were administered directly to the respondents by the researchers with instructions pertaining to the filling of the instrument provided. The research questions were answered using quantitative analysis such as frequency count, percentage and charts, while the hypotheses were tested using chi-square and Pearson Product Moment Correlation at 0.5 level of statistical significance with the use Statistical Package for the Social Sciences (SPSS). Furthermore, thematic areas from the in-depth interviews were used to corroborate the findings from the quantitative analysis.

Results

After the collection of the instrument, it was observed that only 36 instruments were considered usable which accounted for a 71% return rate. It was therefore only this number that was used for the subsequent analyses. The results obtained are presented in the tables below.

Table 1: Demographic Information of Respondents

Demographic information	Frequency	Percentage
Gender		
Male	23	63.9
Female	13	36.1
Marital status		
Married	36	100
Years in service		
0-10 years	3	8.3
11-20 years	20	55.6
21-30 years	6	16.7
30 years above	7	19.4
Role		
External auditors	15	41.7
Internal auditors	20	55.6
Auditor general	1	2.8
Religion		
Christianity	36	100.0
Educational qualification		
Hnd/bsc	25	69.4
Masters	11	30.6
Professional affiliation		
Ican	6	16.7
Anan	28	77.8
Others	2	5.6

Research Questions

Research Question 1: To what extent is forensic audit used in auditing in the public sector?

Table 2: Auditors who have used forensic audit

Used Forensic Audit	Frequency	Percent
NO	26	72.2
YES	10	27.8
Total	36	100.0

From the result displayed in table 2, very few respondents (28%) indicated that they have used forensic audit in their professional activities.

Table 3: Extent of use of forensic audit

Extent of use	Frequency	Percent
Regularly	1	10
Sometimes	9	90
Total	10	100

This table showed that of the number who reported usage, only one person indicated that forensic audit is used regularly. From the total number of auditors who have used forensic audits, it was further shown that 1 (10%) regularly use forensic auditing, and 9 (90%) reported they sometimes use it in the course of their job.

Table 4: Purpose of use of forensic audit

Purpose of use	Frequency	Percent
Fraud investigation	4	40.0
Documentation/reporting	6	60.0
Total	10	100.0

Furthermore, the result of the purpose for which forensic audit is used, 6 (60%) of the respondents revealed that they use it for documentation/reporting, while 4 (40%) reported that they use it for fraud investigation

Research Question 2: What are the challenges in the use of forensic audit in auditing in the public sector?

Table 5: Challenges against the use of forensic audit in the public sector

S/N	Challenges	Yes (%)	No (%)	Total
1	Use of the outdated traditional method of auditing	25 (92.6)	2 (7.4)	27 (100)
2	Lack of government willpower or support on forensic auditing	24 (85.7)	4 (14.3)	28 (100)
3	Inadequate training of auditors in the area of forensic skills and competencies	26 (86.2)	4 (13.3)	30 (100)
4	Lack of general enthusiasm by auditors in the area of forensic auditing	15 (55.6)	12 (44.4)	27 (100)
5	Consistent political, management and religious interference during auditing especially fraud cases	30 (100)	0	30 (100)
6	Inadequate incentives and wages for auditors	27 (93.1)	2 (6.9)	29 (100)
7	Inability to follow due process during auditing	17 (65.4)	9 (34.6)	26 (100)

From the result displayed in table 6, it can be observed that the major problem limiting the use of forensic audit is the consistent, political, management and religious interference during the investigation of fraud cases. On the other hand, it was shown that lack of general enthusiasm by auditors in the area of forensic auditing was the least identified challenge facing the use of forensic auditing the public sector. This result was further corroborated this an in-depth interview was conducted wherein respondents reported that.

“in one of the cases I investigated, a prominent politician called me and made it clear that whatever report is submitted will end in his refuse bin and I should refrain from further investigations (External Auditor)”.

Another interviewee stated that when he attempted to integrate forensic audit in a specific case which has defied traditional audit system,

“I was accused of being under the pay of a prominent politician from a different ethnic group from the director he was investigating and this significantly limited his enthusiasm for conducting that specific investigating using forensic audit (External Auditor)”

From my experience, interference usually based on ethnic, political and religious ground, is a single most significant challenge and most difficult to overcome in the Nigeria context. They continue to influence who and how the auditing is done and determine boundaries to be maintained. Therefore, auditors should enjoy a measure of freedom from being known by possible influencers (External Auditor)

As the table further shows, that lack of adequate training in forensic auditing was a significant factor limiting the effective usage of forensic audit in the public sector. Being that forensic audit is a relatively new approach within the Nigerian auditing sphere, most auditors may not have the needed

skills and competence for executing it. Exploring this thematic area further, an in-depth interview was conducted respondent stated that

“I can remember in one of the training I attended, the facilitator talked about forensic auditing and stated that this was the standard in developed countries. However, I have never used it neither do I know what it actually involves in practical terms. My auditing practice is based on what I learned during my university days and the few workshops organized by the state government periodically (Internal Auditors).

“Forensic audit is something I believe can improve the practice of auditing. However, I believe that it is complex and requires much training and practice. Securing funding for normal workshops to improve on auditing practice is difficult and the few courses I have seen on forensic audit are often expensive. Since I do not have training in forensic auditing, how can I integrate it into my practice? (External Auditor).”

Another challenge shown to be a factor influencing the usage of forensic audit in fraud cases was the lack of governmental willpower. Elaborating further on this, the interview yielded response thus

Most auditing I do is just a rubber stamp. I do it not because I did not detect fraud, rather I do it because I do not want to incur the wrath of people whose lives depend on fraudulent activities. I remember an auditing colleague who wanted to expose a fraud committed by a local government chief executive. In his car and his house he regularly receives death threats. Once, his child was given a letter in which the entire family was threatened (Internal Auditor).

Research Question 3: What are some strategies that can be adopted in overcoming challenges against the use of forensic audit in the public sector?

Table 6: Strategies for overcoming challenges against the use of forensic audit in the public sector

S/N	Strategies	Yes (%)	No (%)	Total
1	Provide adequate training for auditors in the area of forensic auditing	31 (100)	0	31 (100)
2	Ensure transparency in forensic auditing, especially in fraud cases	28 (100)	0	28 (100)
3	Provide standard forensic equipment in all states and local government areas	28 (96.6)	1 (3.4)	29 (100)
4	Establish specialize units of forensic audit	26 (89.7)	3 (10.3)	29 (100)
5	Make forensic auditing a routine activity for auditors	27 (96.4)	1 (3.6)	28 (100)
6	Formulate policies on forensic auditing	25 (89.3)	3 (10.7)	28 (100)
7	Employ more competent staff in forensic auditing	23 (85.2)	4 (14.8)	27 (100)
8	Improve collaboration among auditors on fraud investigation	27 (96.4)	1 (3.6)	28 (100)

From the result displayed in table 4, the major strategy for improving the use of forensic audit is the provision of adequate training for auditors in the area of forensic audit, while the least reported strategy was employing more staff for forensic audit role. This result might have been obtained because forensic auditing involves more skills and expertise as well entails a more robust understanding of various techniques like graphology and the operation of technical equipment, which are not taught in traditional forensic training. This finding is in agreement with an external auditor who revealed in in-interview section that

For me, No effective forensic audit can take place without the input of technological facilities and equipment, as well as the training of individuals to operate such

facilities and equipment. No matter the availability of equipment for use in forensic audit, when they are no competent personnel to utilize them, such facilities and equipment are a further waste of public funds (External Auditors).

I feel that any discussion on the use of forensic auditing should start from the issue of equipment. In my limited understanding, forensic audit involves the use of forensic technology to determine if funds have been used for the purpose for which they were released. Adequately providing these technologies and facilities is the first step towards forensic auditing (External Auditor).

Research Question 4: How can auditors’ performance be improved in curbing fraud in the public sector?

Table 7: Improving auditors’ performance in curbing fraud in the public sector

S/N	How to improve auditors’ performance	Yes (%)	No (%)	Total
1	Discourage political, management and religious interference during fraud investigation processes by enforcing enabling laws against same	33 (100)	0	33 (100)
2	Expedite judicial process in fraud cases	31 (100)	0	31 (100)
3	Protection of whistleblowers during fraud investigations	28 (93.3)	2 (6.7)	30 (100)
4	Use of expert witnesses in fraud cases	26 (92.9)	2 (7.1)	28 (100)
5	Provide special incentives for auditors in the area of forensic auditing	29 (100)	0	29 (100)

The result displayed in table 5 and the corresponding figure indicated that the best strategy for improving fraud investigation of auditors is through the discouragement of political, management and religious interference by enforcing enabling laws, while the least is the use of expert witnesses in forensic audit cases. This finding is in congruence with the in-depth interview conducted wherein it was opined that:

If an auditor is made to understand and appreciate that he is independent to pursue an investigation to its conclusive end, he would be better committed to the process of fraud investigation. Unlike in the present climate where auditors are accused of political or ethnic agenda. We need a guarantee of security that of life and of our family mostly after standing as expert witnesses in court. We have lost some colleges because of insecurity after they stood as experts during court cases (Internal Auditor).

Another important aspect of improving auditors’ performance in curbing fraud in the public sector is the support of management. In most cases, respondents indicated that government and management support is lacking in their

pursuit of fraud cases. In an in-depth interview conducted it was revealed

For me, effort should be made to ensure that the transaction receipts and other documents that can aid an auditor in his job are kept safely and securely. This should also be made accessible for us so that our dependence on management is minimized (Internal Auditor)

From my personal experience, there has been this lack of support on the management part they don't give the necessary support, unwilling to release essential documents, and records especially financial records. Most times, they claim theft or loss of the document in order to shield themselves from scrutiny. This often frustrates the effort of auditors (External Auditor).

Hypotheses

Hypothesis 1: There is no significant relationship between auditors' status (internal auditors, external auditors, and auditor-general) and extent of usage of forensic auditing in curbing fraud in the public sector

Table 8: Chi-square analysis of the relationship between auditors’ status and usage of forensic audit in the public sector

S/N	How to improve auditors’ performance	Yes (%)	No (%)	Total
1	Discourage political, management and religious interference during fraud investigation processes by enforcing enabling laws against same	33 (100)	0	33 (100)
2	Expedite judicial process in fraud cases	31 (100)	0	31 (100)
3	Protection of whistleblowers during fraud investigations	28 (93.3)	2 (6.7)	30 (100)
4	Use of expert witnesses in fraud cases	26 (92.9)	2 (7.1)	28 (100)
5	Provide special incentives for auditors in the area of forensic auditing	29 (100)	0	29 (100)

From the result displayed in table 6, it can be seen that when the response of the auditors was collated based on their status, as well as analyzed using chi-square, a χ^2 calculated value of 8.418 was obtained at 0.05 level of statistical confidence with a corresponding χ^2 tabulated value of 5.99. Since the calculated value obtained was greater than the tabulated value, it, therefore, indicates that there is a significant relationship between auditors' status and the extent of use of forensic audit in the public sector. The null hypothesis was therefore retained. This result was further confirmed by the reported number of auditors who have used forensic audit. An observation of the categorical values shown in the table revealed that more external auditors have employed the use of forensic auditing than internal auditor and the Auditor-General. The result that more external auditors adopt forensic auditing than internal auditors is because internal auditors are part of the management and pre-payment auditor as such they might be easily susceptible to engaging in fraud with top echelon in the public sector. On the other hand, external auditors are posted payment auditors who are called upon to verify, transactions and financial records of management, of which most times include internal auditors. Therefore, they are more likely to employ forensic auditing in their practice than internal auditors.

Hypothesis 2: There is no significant relationship between challenges against the use of forensic audit and improving auditors’ performance in curbing fraud?

Table 9: Pearson Correlation of challenges against the use of forensic audit and auditors’ performance

Variables	Mean	SD	df	r	p	Sig
Challenges against the use of forensic audit	16.91	2.51	35	0.31	0.61	0.05
Auditors’ performance	14.9	3.89				

The result of the analysis as shown in table 6 indicate that when the relationship between challenges against the use of forensic audit and auditor’s performance in curbing fraud in public sector were correlated, an r-value of 0.31 was obtained at a p-value of 0.61 which was greater than 0.05 level of significance. On the basis of this result, it can be observed that the relationship between challenges against the use of forensic audit and auditor's performance in the public sector. The null hypothesis was therefore rejected. in that the lesser these challenges the greater the tendency to use forensic audit in the curbing fraud.

Discussion of Findings

The result from the quantitative analysis done in the study showed that majority of the respondents in the study have not used forensic audit previously in their practice. For the few who have used it previously, the majority of them indicated that they only use it sometimes. This result showed a very low uptake of forensic audit among the auditors in Delta

State. However, this result might not be out of the expectation of the research, which was corroborated by the key informant interview. Most of the respondents may not have used forensic audit method due to the complexity of the approach in detecting fraud. Furthermore, for those who have used it, it is often done for the purpose of documentation and less of a fraud investigation. The result from this study is similar to that obtained by Mukoro *et al.* (2011) [7] who found out that despite the awareness of forensic investigation and its greater efficacy in detecting accounting fraud, most persons do not use as it is often seen as a complex and not fully adaptable to the Nigerian accounting system. A similar result was obtained by Yekorogha (2011) [13] who found out that forensic accounting despite being useful in detecting fraud, has not enjoyed widespread appeal among accounting professionals in Nigeria, especially in the public sector. Regarding the challenges of using forensic audit in the Nigerian public sector, the result obtained showed that excessive dependence on the use of the traditional and outdated method of auditing, lack of governmental willpower, as well as consistent political, management and religious interference during fraud investigation cases are the major reasons cited. This result was further corroborated when it was reported by interviewee during the interview process that every auditing at the local government level is often seen as a witch-hunt. Often times, when auditing is about to be conducted, an individual in the office is seen as being targeted and maximum cooperation is not given to the auditor. Furthermore, with the case of forensic auditors, there is the possibility that its affair might be given a political or ethnic coloration, which might whip up unnecessary sentiments and jeopardize the entire process. The result from this study is similar to that of Zachariah *et al.* (2014) [14] who found out that the auditing practice in Nigeria is significantly hampered by social, administrative and political considerations. They obtained that among the staff of regulatory agencies, the level of document forgeries was high and can only be addressed if forensic auditing is used because the fraudsters have improved on their skills. Therefore the integration of forensic accounting which involves the use of technological facilities can be immensely significant in curbing accounting fraud. Also, the result by Okoye and Gbegi (2013) [8] revealed that why crime appears rampant might be due to the poor training, remuneration, and lack of freedom given to auditors.

On how these challenges can be overcome, the result showed that respondents suggested that adequate training should be provided for auditors in the area of forensic auditing, ensuring transparency in forensic auditing, providing standard equipment in forensic auditing even at the local government level, as well as formulation of specific guidelines on the implementation of forensic auditing. These suggestions are apposite because when auditors are provided with the necessary skills for conducting forensic auditing, supported with relevant tools and equipment as well as given

ample latitude to investigate cases of accounting fraud with political, social, religious, ethnic or management interference, there is the possibility that their performances will improve significantly. More so, when public officials are aware that forensic auditing is in place, and the auditors will not be compromised in the process, this may serve as a deterrent against committing financial fraud.

Recommendations

Based on the findings obtained and the discussion presented, the following recommendations are made:

1. The government, especially at the federal and state levels, should provide adequate funding for forensic audit training and the purchase of world-class facilities and equipment to meet up global best practices in the effective utilization of forensic audit for financial crime investigations.
2. The process of financial fraud investigation can hardly be executed by one individual. It, therefore, behooves on forensic auditors to maintain a collaborative relationship with other practitioners such as police, members of the corporate affairs commission, Nigerian Stock Exchange and relevant agencies.
3. While the current framework of auditing in Nigeria involves the use of general courts and judicial process, special courts should be established in which cases of financial frauds should be expeditiously treated.
4. Forensic auditing should be made a routine activity in order to minimize incidences of political and management interference when auditors need to follow due process.
5. Effort should be directed in making an example of auditors who employ forensic auditing in their practice. Such auditors should be encouraged by giving them an award and helped to guide others who may be interested in the practice.

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