

# **Forensic Audit and the Integrity of Financial Statements**

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Management Sciences, University of Benin, Benin City in Partial Fulfillment of  
the Requirements for the Award of the Masters of Science Degree in Accounting  
Forensic Option

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## **DECLARATION**

I, Nosiru Aranse ADENUGA declare that:

1. This thesis is based on a study undertaken by me in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, under the supervision of Professor Oladipupo A. O. of the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria.
2. This work has not been submitted for the award of any degree elsewhere.
3. All ideas and views are products of my personal research and where the views of others have been expressed, they have been duly acknowledged.
4. I shall be totally, wholly, and fully responsible for the liability that may flow from this study, if any.

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**Nosiru Aranse ADENUGA**

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**Date**

**CERTIFICATION OF THESIS/DISSERTATION ON PLAGIARISM**

We the undersigned attest and declare that the thesis of Nosiru Aranse ADENUGA Titled: Forensic Audit and the Integrity of Financial Statements have successfully passed the anti-plagiarism test and do not violate any copyright regulations.

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## CERTIFICATION

\ We certify that this thesis was carried out by Nosiru Aranse ADENUGA in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin city, Nigeria and it is considered adequate in scope and quality in partial fulfillment of the requirement for award of MSC Accounting degree

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## ATTESTATION

We the cosignatories, attest that has successfully carried out all the required correction as suggested by the External and Internal Examiners in his thesis titled Forensic Audit and the Integrity of Financial Statements.

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**Internal Examiner**

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**Prof. J. O. Odia**  
**Head of Department**

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**Date**

## **DEDICATION**

This piece of work is dedicated to the almighty God, the father of my Lord Jesus Christ and my father, who saw me through the thick and thin of the demand of this programme and to my family members, wife and children.

## **Acknowledgements**

It is with gladness of heart that I give profound gratitude to God Almighty for His infinite mercies, provisions, and protection over my life throughout the duration of this course, Master of Science in Accounting (Forensic Option) at the department of Accounting, University of Benin, Benin city.

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## TABLE OF CONTENTS

CONTENTS	PAGES
Title Page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgement	v
Table of content	vi
Abstract	ix
 CHAPTER ONE: INTRODUCTION	
1.1 Background of Study	1
1.2 Statement of Research Problem	3
1.3 Objective of the Study	5
1.4 Research Hypotheses	5
1.5 Scope of the Study	6
1.6 Significance of Study	6
 CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	7
2.2 Concept of integrity and integrity of financial statement	7
2.3 Financial statement fraud	13
2.4 Corporate Governance and the Integrity of Financial Statements	15
2.5 Forensic Accounting	18
2.6 Forensic Audit	19

2.7	Audit Failure and the Need for Periodic Forensic Audit	-	-	-	-	-	-	23
2.8	Forensic Audit and Financial statement integrity-	-	-	-	-	-	-	25
2.9	Theoretical Framework	-	-	--	-	-	-	25

### CHAPTER THREE: METHODOLOGY

3.1	Introduction	-	-	-	-	-	-	27
3.2	Research Design	-	-	-	-	-	-	27
3.3	Population and Sample Technique of the Study	-	-	-	-	-	-	27
3.4	Sources of Data	-	-	-	-	-	-	28
3.5	Research Instrument	-	-	-	-	-	-	29
3.6	Questionnaire Design	-	-	-	-	-	-	29
3.7	Validation of Research Instrument	-	-	-	-	-	-	29
3.8	Reliability of Research Instrument	-	-	-	-	-	-	30
3.9	Model Specification	-	-	-	-	-	-	30
3.10	Operationalization of Variables	-	-	-	-	-	-	32
3.11	Method of data analysis	-	-	-	-	-	-	32
3.12	Diagnostic Tests	-	-	-	-	-	-	32
3.13.1	Test for Normality	-	-	-	-	-	-	32
3.13.2	Test for Multicollinerlity	-	-	-	-	-	-	33
3.13.3	Test for Heteroskedaticity	-	-	-	-	-	-	33
3.14.4	Test for Autocorrelation	-	-	-	-	-	-	33

### CHAPTER FOUR

#### DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1	Introduction	-	-	-	-	-	-	34
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4.2	Demographic Detail of Respondents	-	-	-	-	-	-	-	-	34
4.3	Correlation Result	-	-	-	-	-	-	-	-	40
4.4	Diagnostic Test	-	-	-	-	-	-	-	-	43
4.4.1	Multicollinearity Test Results-	-	-	-	-	-	-	-	-	43
4.4.2	Heteroscedasticity Test Results	-	-	-	-	-	-	-	-	45
4.5	Results Regression	-	-	-	-	-	-	-	-	45
4.5.1	Hypothesis Test (statistical test t)	-	-	-	-	-	-	-	-	45
CHAPTER FIVE										
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS										
5.1	Introduction	-	-	-	-	-	-	-	-	48
5.2	Summary of Findings-	-	-	-	-	-	-	-	-	48
5.3	Conclusion	-	-	-	-	-	-	-	-	48
5.4	Recommendations	-	-	-	-	-	-	-	-	49
5.5	Recommendation for further studies	-	-	-	-	-	-	-	-	50
REFRECES		-	-	-	-	-	-	-	-	51
APPENDICES		-	-	-	-	-	-	-	-	55

### **Abstract**

This study examined the impact of forensic audit on the integrity of financial statement in Nigeria. The objective of the study is to determine the relationship between forensic audit and

the integrity of financial statement. In order to collect efficient primary data, the purposive survey method was employed and questionnaires designed and distributed to collect the needed data, while the data were analyzed using ordinary least square (OLS) regression technique. The study concluded based on the statistical analysis, as with Becca and Jay (2004), Enofe, Omagbon and Ehigiator (2015), and Oyedokun (2015), that fraud detection, investigation and litigation (using forensic evidence to establish fraud cases), will significantly enhance the integrity of financial statement in Nigeria. However, our fourth variable, periodic/mandatory forensic audit was rejected. In conclusion, forensic audit was adjudged to be an efficient and effective tool against fraudulent financial statement but should not be periodic and/or mandatory.

It is therefore recommended that further empirical research be conducted with higher numbers of sampling to establish or otherwise the conclusion arrived at with respect to periodic forensic audit.

# CHAPTER ONE

## INTRODUCTION

### **1.1 Background to the Study**

Fraud has been a serious problem world over. Among the various categorization of fraud is Financial Statement fraud (FSF) Association of Certified Fraud Examiners (ACFE). Financial statement fraud has contributed to the bankruptcy of many organizations throughout the world (Bruno & Koschtial, 2013). Financial statements present the profitability and value of a business. It is a formal record of the financial activities of an entity at a given period of time. They (Financial Statements) are written reports that quantify the financial strength, performance and liquidity of a company (accounting-simplified.com). External auditors are expected to make expert opinion on these FS as prepared by the management as to its true and fair view.

However, many organizations with unqualified FS have had course to restate them with staggering expression of losses resulting in liquidation of such companies with their auditors going down with them or losing substantial amount in court fines (Bruno & Koschtial, 2013). One of the most difficult issues facing the auditing profession is that there are no auditing procedures that can provide absolute assurance in detecting all fraudulent financial reporting (Nwoye, Okoye & Oraka, 2013). Fraudulent financial reporting is one type of fraud with substantial negative impacts which may include loss of investors' confidence, reputational damage, potential fines and criminal actions (Asyquin, Razali & Arshad, 2014).”This has resulted in loss of integrity of the financial statement. Many companies such as Enron, WorldCom, Adelphia, Bristol-Myers Squibb, FastTrack Savings and Loan, Rocky Mountain Electric, Mirant, Global Crossing, Halliburton, Qwest, AOL Time Warner, Tyco, and Xerox had

engaged in issuing earnings restatements as a result of inaccuracies in published financial reports (Moore, Tetlock & Tanlu 2006). For instance, financial statement fraud committed by Enron Corporation is estimated to have caused a loss of about \$80billion in market capitalization to investors, including sophisticated financial institutions and employees who held the company's stock in their retirement account (Nguyen, 2008).”

Forensic accounting is perceived to have evolved in response to cases related to some emerging fraud. Forensic accounting is considered to encapsulate all areas relating to investigation in uncovering financial fraud (Modugu & Anyaduba, 2013). The growing complexity of financial fraud requires the application of forensic accounting to the methods needed to bring about the successful investigation and prosecution of those persons involved in these criminal activities (Modugu & Anyaduba, 2013). Forensic Audit is a subset of Forensic Accounting and can be used interchangeably. Forensic audit is the act or process of investigating or the condition of being investigated and of searching inquiry for ascertaining facts; detailed or careful examination (dictionary.reference.com). Forensic Auditor's role is to gather evidence that can be used to prove or disprove the act in issue (Fred, John, Joseph & Brian, 2004). Interview and Interrogation are the two major techniques in investigation that are used to elicit responses from the suspect or accused. It should however be noted that the investigator (interviewer or interrogator) cannot usurp the power of the court of competent jurisdiction by pronouncing the suspect or accused guilty.

Despite the establishment of anti-corruption agencies, cases of corruption practices both in public and private sectors appear to be on increase and seem difficult for anti-corruption agencies

to successfully prosecute many legal cases of corruption involving in billions of naira by government functionaries, contractors and banking sector (Dada 2014).”

## **1.2 Statement of the Research Problem**

In recent past large company such as Cadbury Nigeria Plc, Oceanic Bank Plc and Afribank had been found to be involved in fraud despite annual clean bill of audit report and the scrutiny of internal auditors. The independence of internal auditor is not guaranteed (Okoye & Gbegi, 2013). Furthermore, the need for forensic audit came as a result of audit expectation gap, the failure of statutory audit to prevent, detect, and reduce misappropriation of corporation’s financial and non-financial assets as evidenced in the litany of high profile corporate failures and the increase in corporate crime all necessitate the need to engage Forensic Auditor (Okoye & Gbegi, 2013; Enofe, Omagbon & Ehigiator, 2015).

Furthermore, the rapid increase in development in both information and communication technology (ICT) world and other fields also aids fraudsters to continue growing stronger in carrying out their fraudulent activities. It now becomes necessary that forensic audit be introduced to assist in reducing these menaces in our organizations and society at large (Anuolam, Onyema & Ussim,2016). The increase in financial accounting fraud in the global economy therefore gives rise to the need for forensic audit. Forensic audit is an examination and evaluation of a firm's or individual's financial records to derive evidence that can be used in a court of law or legal proceeding. Forensic auditors possess the expertise on investigating, accounting and auditing procedures as well as expert knowledge about the legal framework needed to fight fraud.”

According to the report from the Center for Forensic Studies (2010), the growing need for forensic and investigative accounting in the banking sector stems from the complexities of modern day banking with large volumes of complex data. This makes tracking transactions difficult by applying manual audit processes. This in turn makes audit control utility ineffective.” Many cases of financial statement misrepresentation have been reported, and to that extent, affected companies like Enron, WorldCom, Adelphia, Global Crossing, Xerox, Qwest, and many others like Cendant, Lincoln Savings, ESM, Anicom, Waste Management, and Sunbeam (Albrecht, 2005), and their auditors have gone down. In effect, most especially, the shareholders were greatly affected. There have also been instances where forensic accountants were called to determine the cause of the collapse of the companies, individuals involved, and the monetary worth (Albrecht, 2005). This is not farfetched from the fact that forensic accounting techniques are not deployed in the day-to-day running of the business of the organisation with respect to the internal control functions, however, when the chips are down, these techniques are being requested from firms of forensic accountants to investigate the what, who and when of the fraudulent activities (Albrecht, 2005; Oyedokun, 2013).”

Following the above, the study seeks to examine if forensic audit influences the integrity of the financial statement. The study also focused on a key variable which is periodic audit which has not been addressed by prior studies. In light of the foregoing the study rendered answers to the following research questions.

- i. What is the relationship between fraud detection and integrity of financial statement?
- ii. What is the relationship between investigation and integrity of financial statement?
- iii. What is the relationship between litigation and integrity of financial statement?

- iv. What is the relationship between periodic forensic audit and integrity of financial statement

### **1.3 Objective of the Study**

The broad objective of this study is to examine the impact of forensic audit on the integrity of the financial statement. However, the specific objectives are to:

- i. examine relationship that exists between fraud detection and integrity of financial statement
- ii. ascertain the relationship that exists between investigation and integrity of financial statement
- iii. assess the relationship that exists between litigation and integrity of financial statement ;  
and
- iv. examine the relationship between periodic forensic audit and integrity of financial statement

### **1.4 Research Hypotheses**

In line with objectives stated above the hypotheses of this study are stated in the null form as given below:

- i. There is no relationship between fraud detection and integrity of financial statement.
- ii. There is no relationship that exists between investigation and integrity of financial statement.
- iii. There is no relationship between litigation and integrity of financial statement.
- iv. There is no relationship between periodic forensic audit and integrity of financial statement.

#### **1.4 Scope of the Study**

The study focuses on forensic audit and the integrity of financial statement in Nigeria. The survey research was used in this study. The populations for the research consist of Accountants who are preparer of financial statements, professionals in the field of forensic accounting, and auditing.”

#### **1.5 Significance of the Study**

The primary beneficiaries of this study are shareholders whose investments will be safeguarded as a result of assured integrity of financial statement. Also the potential investors, financial analysts, investment advisers will now have reliable financial statement to rely upon. Moreover, the contention on audit expectation gap may be equally laid to rest as the issue of fraud prevention, detection and effective prosecution of perpetrators would have been handled through periodic forensic audit.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section dwells on review of prior studies that have been carried out as well as definition of key concepts that need conceptual clarification

#### **2.2 Concept of integrity and the Integrity of financial statement**

Integrity is primarily a personal quality. Integrity in relation to financial statements is the result of both the integrity of those involved in preparing the financial statements and the robustness of processes by which financial statements are prepared (Institute of Chartered Accountants of England and Wales (ICAEW), 2004). Integrity is an important fundamental element of the accounting profession. Integrity requires accountants to be honest, candid and forthright with a client's financial information. These ethics and conduct rules ensure all Accountants act in a consistent manner. Integrity plays vital roles in accounting because they allow investors to trust the information they receive about companies in which they invest.”

Killinger (2010) in Udofia (2014) defines integrity as a personal choice, an uncompromising and consistent commitment to honour, moral, ethical, spiritual and artistic values and principles. An individual's integrity may be assessed in line with the values, beliefs and principles the person possesses or holds. It also means wholeness (wholesome and healthy) and coming from qualities such as honesty and constancy of character (American heritage dictionary, 2000). Cruz (2013) gives an extended description of integrity, as the character elements relating to trustworthiness, honesty, reliability, and loyalty, and that all the elements of character are related to one's integrity. According to Musschenga (2002) in Udofia (2014), consistency is the first important

dimension of integrity. Consistency is a characteristic of behaviour as well as of judgements. Integrity is also evaluated in line with the legitimate values, principles and rules in the community or organisation and the manner of the norms and rules exhibited in behaviour. Integrity and ethical values of people who create, administer, and monitor control determine their effectiveness. The communication of company's integrity and ethical values to employees and reinforcement in practice affects the way in which employees view their work setting; a good example is not enough."

Top management should verbally communicate the entity's value and behavioural standards to employees (Hayes, Dassen, Schilder & Wallage, 2005). Smith and Pierce (2005) opined that the integrity of information disclosed on corporate websites has been subjected to comparatively little scrutiny. Their studies then focused on the integrity of Internet Financial Reporting (IFR) by reference to the adequacy of underlying corporate governance procedures. They used a sample of 100 large European companies and a questionnaires survey which was used to identify whether or not governance procedures that address the distinguishing features of web-based financial reporting are used by large companies. Their results confirmed the trend identified in prior research of increasing internet usage to replicate paper-based financial information. Responses to the questionnaires also suggest that concerns about the integrity of IFR are justified while the conclusion was that the governance framework surrounding IFR has received insufficient managerial attention.

The study of Flowerday and Solm (2007) focused on what constitutes information integrity, this they opine to be the major problem facing companies today. Integrity is a pillar of information

security and is required in order to have a sound security management programme (Flowerday & Solm, 2007). The research acknowledged that 100% information integrity was not currently achievable due to various limitations and therefore the auditing concept of reasonable assurance is adopted. This, Flowerday and Solm (2007), opine was in line with the concept that 100% information security was not achievable and the notion that adequate security is the goal, using appropriate countermeasures. This is in harmony with Samuel Johnson's words (1751), "Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful" Flowerday and Solm (2007).

Financial Statements are set of accounts showing the performance and worth of an entity as administered by its management. These Financial Statements include a statement of financial position as at the end of the period; a statement of comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising a summary of significant accounting policies and other explanatory information; and a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements (Oyedokun, 2015). When the financial statements as prepared by the management and audited by the external auditor show a true and fair view, and free from misstatement and not just what the management intend them to show, then there is integrity of financial statement. This is so important because of the usefulness of the information in economic decision making by the investing public, shareholders, financial analyst and advisers and so on. It is the belief and the argument of the public that a certification of the FS of a company by an external auditor(s) is a proof and

affirmation by the expert(s) that these statements are free from error and fraud. Abugu (2013), in line with the stance in respect to auditors' liability contends that, "The boundaries of proximity or foreseeability need to be extended to demand greater responsibility from auditors and there is nothing intrinsically wrong in the courts holding that auditors in presenting audit reports voluntarily assume responsibility for their correctness to third parties that may conceivably rely on them".

In the work of Vlad, Tulvinschi and Chiriță (2011), financial reporting frauds are opined to be serious threats for the investor's confidence in the financial information. They pointed out that the side effects of the financial frauds are affecting the integrity, quality and confidence in published financial reports. They further posited that qualitative financial reporting, including reliable financial statements without mistakes, can be made when there is well planned corporate governance. Notwithstanding the fact that participants in corporate governance responsibilities vary depending on their level of preparation and on the presentation form of financial reporting." Vlad *et al.* (2011) also posit that a well- defined working relationship among these participants should reduce the probability of financial fraud, and also concluded that the achievement of financial reporting by so-called "fraudulent scheme" refers to short term achievement of management earnings, they may draw the following consequences in time: undermine the credibility, quality, transparency and integrity of financial reporting process; endanger the integrity and objectivity of the auditing profession, especially auditors and audit firms; diminish the confidence in the capital markets, as well as in market participants and in the reliability of financial information; make capital markets less efficient; adversely affect economic growth; huge lawsuit costs; destroy the careers of people involved in fraudulent financial statements; they

cause bankruptcy or substantial economic losses for companies involved in financial statement fraud; encourage regulatory intervention; erode public confidence and trust in accounting and auditing profession.”

Jayeoba (2014) researched on the impact of IFRS on the financial statement quality and analysis (A case study of Banks in Nigeria during the transitioning period (2012)). The author’s study sought to establish a cause and effect relationship between adoption of IFRS and financial statement ratio analysis by examining the differences in mean, maximum, minimum, and standard deviations of dependent and independent variables and the extent of such differences using least square regressions on each pair of ratio. She found out that the relevance quality have a significant positive relationship with the adoption of IFRS; that there is a significant positive relationship between adoption of IFRS and faithful representation quality and that the quality of financial statements has increased due to the adoption of IFRS save for the need to ensure that accounting information has integrity required by decision makers.

Idialu (2014) in his study, an important variable in ensuring the integrity of accounting information, opined that the more the integrity of information, the better the decision made based on them. Also, He further pointed out that there is a direct relationship between the integrity of personnel involved in providing accounting information and the integrity of the information itself. If providers of accounting information are persons with high integrity, the information provided by them is also likely to be laced with high integrity. The study revealed that any accounting information provided that is lacking in public interest is most likely to be lacking in integrity and that any accounting information that is lacking in integrity will not attract trust because it is a

product of confidence betrayed. Therefore, it was concluded that personal integrity of the providers and assurance givers of accounting information should be given a place in accounting curricula either at tertiary or professional education levels. It is worthy to note that the problem of fraudulent reporting is not limited to the corporate world, the public sectors are complicit. The sovereign debt crisis according to International Federation of Accountants (IFAC) is the dire consequences of insufficient transparency and accountability of governments and poor public finance management and reporting. The bid by government to ensure transparency, accountability and integrity of information has led to many reforms and the adoption of accrual basis of accounting for government establishments.

International Accounting Standards (IAS 1) prescribes the basis for the presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. When preparing financial statements, management shall assess an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.”

According to IFAC, International Financial Reporting Standards (IFRS) began as an attempt to harmonize accounting across the European Union but the value of harmonization quickly made

the concept attractive around the world. The IFRS Framework describes the basic concepts that underlie the preparation and presentation of financial statements for external users. The IFRS Framework serves as a guide to the board of directors in developing future IFRSs and as a guide to resolving accounting issues that are not addressed directly in an International Accounting Standard or International Financial Reporting Standard or Interpretation. Of good note is the fact that in the absence of a Standard or an Interpretation that specifically applies to a transaction, management must use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. Integrity of FS reporting is the goal.

The primary users of general purpose financial reporting are present and potential investors, lenders and other creditors, who use that information to make decisions about buying, selling or holding equity or debt instruments and providing or settling loans or other forms of credit. They need information about the financial position and performance of the entity not only to assess an entity's prospects for future net cash inflows but also how effectively and efficiently management has discharged their responsibilities to use the entity's existing resources (Oyedoku,2015). The IFRS Framework notes that general purpose financial reports cannot provide all the information that users may need to make economic decisions. They will need to consider pertinent information from other sources as well (conceptual Framework for Financial Reporting, 2018)”

### **2-3 Financial Statement Fraud**

Financial statement fraud is the deliberate misrepresentation of the financial condition of an enterprise. It is an intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users. Financial statement fraud scheme usually

involves overstating assets, revenues and profits and understating liabilities, expenses and losses (ACFE, 2014). It is dubious tactics which artificially improve the appearance of a firm's financial outlook by fraud schemes that hid liabilities and inflated earnings.

According to INVESTOPEDIA Financial statement fraud occurs when corporations misrepresent or deceive investors into believing that they are more profitable than they actually are. This is the fraud that led to collapse of Enron, WorldCom and a host of others. ACFE affirm in their studies that FSF is the least in frequencies among the classes of fraud but by far the most costly category. It is equally of great note that though FSF is least in frequency and accounting for around 5% in 1996 but has increase in frequency to about 10% by 2020 (ACFE 2010, 2020). ACFE (2020) further describe FSF Schemes as the ones in which perpetrator intentionally causes a material misstatement or omission in the organization's financial statements. This grim picture of FSF with its devastating consequences demands that a more proactive and absolute assurance in fraud detection be made in form of periodic forensic audit.

Financial statement fraud involves manipulation, falsification, or alteration of accounting records or supporting documents from which financial statements are prepared. It also refers to the intentional misapplication of accounting principles to manipulate results (Oyedokun, 2015). Fraudulent financial reporting often involves management override of controls. Management can either direct employees to perpetrate fraud or solicit their help in carrying it out. Besides, management personnel as a component of the entity may be in a position to manipulate the accounting records of the component in a manner that causes a material misstatement in the consolidated financial statements of the entity (PCAOB). Management override of controls can

occur in unpredictable ways. The perpetrators will do everything to conceal the fraud. Management can collude with employees and third parties to deceive auditor who has properly performed the audit to conclude that evidence provided is persuasive when it is, in fact, false.

## **2.4 Corporate Governance and the Integrity of Financial Statements**

Corporate governance is the most critical term for companies today. Corporate governance relates to the rules, procedures and administration of the firm's contracts with its owners, creditors, staff, vendors, consumers and the government. Corporate governance is exclusively a multifaceted subject, deficient of a unified or organized theory. It is a multidisciplinary discipline covering economics, accountancy, finance among others. Where there is functional corporate governance, the information from such company should be laced with integrity. In any organization, corporate governance is one of the major factors that establish the health of the system and its capacity to endure economic shocks.

According to ICAEW (2004) on revised combine codes on corporate governance, the audit committee of a company is saddle with the functions among others to: monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance; reviewing significant financial reporting judgements contained in them; review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements; and to monitor and review the effectiveness of the company's internal audit function. From the foregoing corporate governance is expected to enhance the integrity of financial statement reporting. The audit committee should be concerned if any narrative is

inconsistent with the financial information or is otherwise misleading. This makes a review of the entire annual report, by the committee, necessary to ensure the view presented is consistent with the committee's understanding of the business's performance and financial position.

According to Morck, Shleifer and Vishny (1989), among the main factors that support the stability of any country's financial system include: good corporate governance; effective marketing discipline; strong prudential regulation and supervision; accurate and reliable accounting financial reporting systems; a sound disclosure regimes and an appropriate savings deposit protection system. Mayer (1996) offers a definition of corporate governance with a wider outlook and contends that it means the sum of the processes, structures and information used for directing and overseeing the management of an organization. The Organization for Economic Cooperation and Development (OECD,1999) has also defined corporate governance as a system on the basis of which companies are directed and managed. It is upon this system that specifications are given for the division of competencies and responsibilities between the parties included (board of directors, the supervisory board, the management and shareholders) and formulate rules and procedures for adopting decisions on corporate matters." Corporate governance is basically a set of rules, practices, and procedures that guides company oversight and control by its Board of Director and independent committees. It involves balancing the interests of a company's stakeholders- management, employees, suppliers, customers, and the community, with the need to deliver value to its shareholders. Having a strong, active, governance program is absolutely critical to the ongoing financial health, growth, and success of an enterprise over time.

Crespi, Cestona and Salas (2002) contended that corporate governance of companies refers to the various methods by which owners of firms attempt to induce managers to implement value-maximizing policies. One of the elements of corporate governance is the independence of external auditor. The company audit committee was established to ensure this and this is aim at ensuring that the information in the FS of a company is true and that the external auditor is not compromised. It is however pertinent to note that despite the introduction of corporate governance which is the mechanism put in place to regulate the activities of companies so as to reduce the level of fraud in the organization and ensure financial statement integrity, there still seem to be a lacuna in achieving the desired result. There have still been cases of increase in fraud; of the most recent case is that of Palmer and Harvey (Nigel & Ifedapo, 2018). This may be a case of poor corporate governance or its failure. Palmer and Harvey is a recent UK corporate failure which raises questions about current corporate governance practice, the quality and integrity of audit reporting, and the sugar coating of Annual Reports. Palmer and Harvey is a current example firm that has just suffered from the menace of cooking the FS. This therefore seems to raise questions on corporate governance practice, and whether it is designed to truly safeguard the interests of stakeholders; it also raises questions about conventional audit reporting, and whether it is too limited in its analysis and reporting and the ultimate issue of integrity of financial statement.

KPMG in corporate failures asserts that governance issues contributing to firm's failure include inter alia the following: non-independent board and audit committee members, for example where a CEO fulfilled multiple roles in various committees; inadequate governance structures, for example, lack of board committees or committees consisting of a single member;

inappropriately qualified members, for example, family members holding board positions or audit committee members not having appropriate accounting and financial qualifications or experience to analyse key business transactions; ignorance by auditors, regulators, analysts and so on, of the financial results and red flags; management, who deliberately undermines the role of the various governance structures through the circumventing of internal controls and making misrepresentations to auditors and the board.

## **2.5 Forensic Accounting**

Forensic accounting is the combination of accounting, auditing and investigative skills (Zysman, 2004). According to Dhar and Sarkar (2010) forensic accounting involves the application of concepts and techniques to legal problems. It entails reporting, fraud is found and report which is evidence in court.”Degboro and Olofinsola (2007) observed that forensic accounting entails the determination as well as establishment of fact for legal proceedings. This implies the use of forensic techniques to detect as well as investigate fraud so as to apprehend the victim.

According to Howard and Sheetz (2006), forensic accounting is a procedure of interpreting, summarizing and presenting multifaceted financial issues evidently in the law court. It entails the use of accounting discipline for litigation purposes (Okunbor & Obaretin, 2010). An increase in financial accounting fraud in the recent economic situation experience, financial accounting fraud uncovering has become a great subject matter. The failure of internal auditing system of the organization in identifying the accounting frauds has led to use of specialized procedures to detect financial accounting fraud, collective known as forensic accounting (Sharma & Panigrahi, 2012). Although financial fraud in Nigeria has undergone extremely exposure most especially in

the banking sector. Enyi (2009) undertook a study to proffer solution on how to apply forensic accounting in observing variation and alleged deceitful actions in manufacturing processes.

Okoye and Akenbor (2009) commenting on the significance of forensic accounting in emergent economies like Nigeria, observed that forensic accounting posed with so many challenges. Grippo and Ibex (2003) observed challenges confronting the application of forensic accounting one of these problems is the inability to access the right data that will aid the litigation proceedings. Also globalization of the economy which enables fraudster to operate from any were making it difficult to gather information appropriately.

## **2.6 Forensic Audit**

According to Webster's dictionary (2000) forensic means, belonging to, used in or suitable to courts of judicature or to public discussion and debate. Forensic audit or forensic accounting can be used interchangeably. The concept forensic accounting was first emphasized by Peloubet in 1946. Forensic accounting is an investigative style of accounting used to determine whether an individual or an organization has engaged in any illegal financial activities (Okoye & Gbegi, 2013). Forensic audit is the act or process of investigating or the condition of being investigated and of searching inquiry for ascertaining facts; detailed or careful examination (dictionary.reference.com). Interview and Interrogation are the two major techniques in investigation that are used to elicit responses from the suspect or accused. It should however be noted that the investigator (interviewer or interrogator) cannot usurp the power of the court of competent jurisdiction by pronouncing the suspect or accused guilty. Forensic auditor's role is to

gather evidence that can be used to prove or disprove the act in issue (Fred, John, Joseph & Brian, 2004).

According to Fred *et al* (2004), an interview is non-accusatory. Even if the investigator has clear reasons to believe that the suspect is involved in the crime or has lied he should still not accuse. If the investigator does not accuse the suspect while interviewing him he can establish a much better rapport with the suspect that will assist him in an interrogation after the interview. To Becca and Jay (2004), the difference between interview and interrogation is that an interview is conducted in a cordial atmosphere where a witness is more comfortable physically and psychologically. On the other hand, whenever a person is questioned in an uncomfortable atmosphere (interrogation room) where he is under the psychological pressure, it is an interrogation. Interrogator, in this case, has more psychological advantage than his suspect. Interrogation is a kind of psychological warfare between interrogator and suspect. Only when an interrogator overpowers a suspect psychologically, that he gets a confession or the fact of a case which is not possible otherwise. Scott (2010), opines that forensic accounting is the process of combining accounting principles with investigative techniques to gather financial evidence that is admissible in a court of law, and that a forensic accountant is responsible for investigating and analysing financial evidence, and communicating those findings through written reports and courtroom testimony. Lister (2010) asserts that forensic accounting is a financial practice of investigation used to uncover fraud or embezzlement within a given company or someone's personal finances. Forensic accounting also is also used for legal proceedings including loss calculation. Even with these lawful uses, forensic accounting still carries the stigma of being prone to more number twisting than a clear representation of the facts.

According to Messier (2000), a forensic audit's purpose is the detection or deterrence of a wide variety of fraudulent activities. The use of auditors to conduct forensic audits has grown significantly, especially where the fraud involves financial issues. Some examples where a forensic audit might be conducted include business or employee fraud; criminal investigations; shareholder and partnership disputes; business economic loss; and matrimonial dispute. Singleton and Singleton (2010) cited in Shanikat and Khan (2013), said forensic accounting is the comprehensive view of fraud investigation and that it includes preventing frauds and analysing antifraud control which include the gathering of nonfinancial information. Forensic auditors are employed by corporations, government agencies, public accounting firms, and consulting and investigating services firms. They are trained in detecting, investigating, and deterring fraud and white-collar crime. Some examples of situation where forensic auditors have been involved include: analysing financial transactions involving unauthorized transfers of cash between companies; reconstructing incomplete accounting records to settle an insurance claim over inventory valuation; embezzlement investigation and documentation, and negotiation of insurance settlements (Messier 2000).

According to Enyi (2008), statutory audit must now take the garb of forensic investigations. The problem with the present system of forensic investigation is that it is focused more on financial transactions than on the totality of the entity's operations and often time neglects areas where there have been constant leakages of other organizational resources that are of financial consequences but which are not easily detected with a normal analysis of the financial statement. Forensic audit is the examination of evidence regarding an assertion to determine its correspondence to established criteria carried out in a manner suitable to the court. An example

would be a forensic audit of sales records to determine the quantum of rent owing under a lease agreement, which is the subject of litigation (ACFE 2014). Based on their financial-economical and audit backgrounds, forensic auditors are involved in finding facts in order to resolving commercial or legal disputes, often a suspicion of fraud. As legislation and culture varies per country there exists not one single definition of forensic audit.

In Belgium, forensic audit is defined as the activity that consists of gathering, verifying, processing, analysing of and reporting on data in order to obtain facts and/or evidence - in a predefined context - in the area of legal/financial disputes and or irregularities (including fraud) and giving preventative advice". Forensic accounting is then the application of investigative, auditing, procedure and analytical skills for the purpose of resolving financial issues scientifically and in a manner that meets standards required by courts of law (ACFE 2014). Forensic accounting methods are not limited to the use of financial investigations that result in legal prosecution; however, if this is the purpose, the investigation and analysis must meet the standards required in the court of law that has jurisdiction (Hopwood, Leiner & Young, 2012, Oyedokun, 2014).

Adegbie and Fakile (2012), however concluded that; forensic accounting will provide litigation support service with appropriate provision of professional services in the law courts; forensic accounting will institute good corporate governance in the public sector which will instil public confidence in the government and the entire system and that the traditional auditing has limitation in detecting fraudulent practices which the forensic accountants will effectively fill. Forensic accountants have the professional ability back up by law to break into the organization

system and examine the books, make discoveries and present the documentary evidences in the law courts among others (Adegbe & Fakile 2012).

## **2.7 Audit Failure and the Need for Periodic Forensic Audit**

The inability of internal auditors to significantly curtail corporate fraud, audit failures with respect to traditional auditing and the associated audit expectation gaps, it is pertinent that Forensic audit be adopted on periodic basis and not just when there are fraud symptoms. The cost of fraud and the consequences is highly prohibitive (ACFE, 2016).

The problem of audit expectation gap has been a matter of contention over time. Audit profession has some underpinning theories among which are Policeman theory, Lending Credibility theory, Agency theory and the theory of Inspired Confidence (VAASAN 2010). According to VAASAN the policeman theory claims that the auditor is responsible for searching, discovering and preventing fraud. In the early 20th century this was certainly the case. In line with VAASAN, Abugu (2014) posited that the investing public has long expected and relied upon the independent audit to uncover and disclose employee embezzlement and fraudulent reporting by management. These expectations were also confirmed by the 1978 Commission on Auditors' Responsibilities report. The report concluded that 'significant percentages of those who use and rely on the auditor's work for decision, rank the detection of fraud among the most important objectives of an audit. Cases such as *Twomax Ltd. v. Dickson, McFarlane & Robinso* in the Scottish Court, the case of *Scott Group v. McFarlane* in New Zealand and *Riegerbank Bankruptcy* in Austrian Supreme Court all aligned with the policeman theory that auditor is expected to search for, prevent and detect fraud (Abugu 2014). This stance agrees with the work

of Moore *et al* (2006) who say by certifying the public reports that collectively depict a corporation's financial status, the independent auditor assumes a public responsibility that transcends any employment relationship with the client. The independent auditor performing this special function owes ultimate allegiance to the corporation's creditors and stockholders, as well as to the investing public.

However, it has been argued that the main focus of auditors has shifted from fraud detection to providing reasonable assurance and verifying the truth and fairness of the financial statements. A classic common law statement of auditor's duties was made by Lopes L.J. in *Re Kingston Cotton Mill* which reads:

“An auditor is not bound to be a detective, or ... to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watch dog not a blood hound. He is justified in believing tried servants of the company in whom confidence is placed by the company. He is entitled to assume that they are honest and to rely upon their representations, provided he takes reasonable care” (Abugu 2014).

It was further contended that even the auditor's duty of care is not to the investing public as decided by the English House of Lords in *Caparo Industries Plc v Dickman*. In this case, the House of Lords held that directors in preparation of financial statements and auditors in auditing the accounts owe no general duty of care to potential shareholders or to the public at large to ensure that the accounts are accurate except where there is sufficient proximity to create a duty of care to a particular third party.

The issue of auditor's independence, internal and external, is equally debatable in the face of reported cases of fraudulent financial reporting resulting in the collapse of high ranking

companies. Auditors are required to be independent from and unbiased by their clients' interests. Upon independence and its maintenance lies the foundation of the public accounting profession- the profession's strength and its stature (Moore *et al* 2006). However the independence of auditors have been put to question from cases such as Waste Management who overstated her earnings by \$1.43 billion over a five-year period, WorldCom revised its profit reports downward by a shocking \$9 billion, and Enron revised the company's profits downward by \$650 million (Moore *et al* 2006). All these cases came to light after the bubble have burst. Forensic audit can come to the rescue.

## **2.8. Forensic Audit and Financial statement integrity**

One major problem and complication of fraud is that it is shrewd in secrecy. One major boost to the perpetrators' confidence therefore is that the act will go undetected or unreported. According to (Albrecht *et al.* 2012) Executives who believe they will be caught and punished rarely commit fraud. On the other hand, executives who believe they have an opportunity, to commit and/or conceal fraud, often give in to perceived pressures.

## **2.9 THEORETICAL FRAMEWORK**

This study is driven by some known theories that are being used in crime detection, prevention, reduction, and auditing as well as business. These theories are the agency theory, the policeman theory and the routine activity theory.

Audits serve a fundamental purpose in promoting confidence and reinforcing trust in financial information. The principal-agent relationship, as depicted in agency theory, is important in understanding how the audit has developed. Principals appoint agents and delegate some

decision-making authority to them (Institute of Chartered Accountants in England & Wales, 2005). In so doing, principals place trust in their agents to act in the principals' best interests. However, as a result of information asymmetries between principals and agents and differing motives, principals may lack trust in their agents and may therefore need to put in place mechanisms, such as the audit, to reinforce this trust.”

Agency theory by Jensen and Meckling (1976) is a useful economic theory of accountability, which helps to explain the development of the audit. However, agency theory is complicated by other factors, which are highlighted in this paper. For example, auditors are also agents of principals, which can lead to further concerns about trust, threats to objectivity and independence and an ongoing need to find further mechanisms such as regulation to align the interests of shareholders, directors and auditors (ICAEW, 2004).”

The policeman theory by Limperg assumes that the forensic auditor as bloodhound is a policeman whose primary concern is the detection and prevention of fraud so as to reduce the overall cases of fraud incidence Ittonen (2010) as cited in Enofe, Omagbon and Ehigiator (2015). The routine activity theory Felson and Clarke (1998) assumes that for fraud to occur in a business there must exist a time and space of a likely offender, a suitable target, and the absence of a competent sentry with functioning internal control mechanism against fraud occurrence. The theory therefore maintain the need to employ the services of a forensic auditor to help identify red flags, build efficient and effective internal control mechanism for the organization to prevent fraud. All these indicate a need for periodic forensic audit.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The study analysed the relationship that exist between forensic audit and the integrity of the financial statement. This chapter shows the procedures that were employed in collecting data to produce relevant and reliable information. The information produced formed the basis for which conclusion was drawn on the study.

#### **3.2 Research Design**

The study examined the relationship that exists between forensic audit and the integrity of the financial statement. In a bid to achieve the above objective the survey research design was employed. The choice of survey research method was based on the fact that it is used to observe the population of study and the reaction of that population to a particular phenomenon. Enyi (2013) opined that in accounting, economics or financial studies, the survey research is aimed mainly at establishing a controlled relationship which can be used to address that particular social phenomenon”

#### **3.3 Population and Sampling Technique**

The population of the study consists of preparers of financial statements, users of financial statements, financial and investment analysts, professionals in the field of forensic accounting, accountancy, auditing, criminology, fraud investigation, anticorruption agencies, and scholars in these fields. Professional accountants are important and central to this study. Some of their function includes but not limited to: preparation of financial statements, analysis of financial

statements, financial and investment analysis, forensic accounting, auditing, criminology, fraud investigation, anticorruption agencies, and scholars in these field. All members of ICAN Professional Forum totalling 3,600 members as 2019 thus step-wisely formed the population of study. ICAN Professional Forum is a forum of Professional Accountants, who are members of the Institute of Chartered Accountants of Nigeria (ICAN). Members of this group consist of preparers of financial statements, users of financial statements, shareholders, financial and investment analyst, professionals in the field of forensic accounting, accountancy, auditing, criminology, fraud investigation, anti-corruption agencies, and owners of business organisations, people in government and scholar's.

The study employed the use of purposive sampling technique. Purposive sampling (also known as judgment, selective or subjective sampling) is a sampling technique in which researcher relies on his or her own judgment when choosing members of population to participate in the study. This is to ensure that the respondents are people with adequate knowledge to respond appropriately to the research questions. According to Saunders, Lewis, and Thornhill (2009), purposive or judgemental sampling enables one to use his judgement to select cases that will best enable him to answer his research question(s) and to meet his objectives.

### **3.4 Source of Data Collection**

The study employed the primary source of data extracted from questionnaire that was distributed amongst the various chartered accountants.

### **3.5 Research Instrument**

Questionnaire, interview, and focus group served as the major research instruments in this study. One hundred and fifty pieces of questionnaire were served on the target respondents who are members of the sampled population. Nominal scale method was used in the demographic section while Likert scale was used in other sections of the questionnaire.”

### **3.6 Questionnaire Design**

The questionnaire form of instrument was used for this research work which was in two parts: part one contained demographic data about the respondents; part two contained relevant questions on the research work. The intellectual background and relevant experience of the target respondents was taken into consideration in wording the questionnaire.

### **3.7 Validation of Research Instrument**

Validity is the degree to which a research instrument measures what it is supposed to measure. This is the accuracy to which an instrument measures what it claims to be measuring. A pilot test was carried out on samples of respondents in determining the level of understanding and proper interpretation of the questions. Pilot study conducted was used to test the validity and reliability of the research instrument. The choice of the questionnaires was based on its usefulness in the area of study. This study ensured that research instrument examined all its construct of interest, measures the characteristics of variables and measure what the research intends to measure viz: construct validity, criterion-related validity, content validity, and face validity.” A pilot test was carried out on samples of respondents in determining the level of understanding and proper

interpretation of the questions. Pilot study conducted was used to test the validity and reliability of the research instrument.

### **3.8 Reliability of Research Instrument**

The reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. Although unreliability is always present to a certain extent, there exists a good deal of consistency in the results of a quality instrument gathered at different times. Reliability of research instrument is the measure of the dependability and the internal consistency of the items of the instrument of data collection. In this research work, the researcher adopted Cronbach's Alpha statistical test as it is the most popular internal consistency reliability estimate." The pilot test conducted using 25 questionnaire was with Cronbach's Alpha statistical test of 0.783. This exceeds the standard of 0.70 threshold, the result was considered to be appropriate in achieving the research objectives.

### **3.9 Model Specification**

The dependent variable is Integrity of financial statement with the following proxies; internal control system; sound ethical culture; competent management and staff. Integrity of financial statements is key when bridging the communication and performance expectation gaps in the work of auditors of financial statement and while expressing their audit opinion. The independent variables are Fraud Prevention, Detection and Deterrence Skills, Forensic Audit, Investigation, and Interviewing Skills, Litigation, Mediation and Arbitration Skills, and Periodic Forensic Audit. The model adapted for this study is the work of Oyedokun (2015) as given below:

$$IFS = \alpha_4 + \beta_4 FPDDS + \beta_5 FAIIS + \beta_6 LMAS + \beta_7 CARDR + \mu \dots \dots \dots (1)$$

Where: FPDDS = Fraud Prevention, Detection and Deterrence Skills

FAIIS = Forensic Audit, Investigation, and Interviewing Skills

LMAS = Litigation, Mediation and Arbitration Skills

CARDR = Computer Assisted Reviews and Document Reviews

The model was modified with Periodic Forensic Audit to accommodate the new variable that was not addressed by prior studies. The model is therefore given thus:

$$IFS = F(FD, INVS, LMAS, PFA) \dots \dots \dots (2)$$

Where: IFS= Integrity of financial statement

FD =fraud detection

INVS =investigation

LMAS = Litigation, Mediation and Arbitration Skills

PFA = periodic forensic audit

Furthermore, this model is stated in its econometric form to take cognizance of the deterministic and stochastic aspect of the model

$$IFS = \alpha_4 + \beta_4 FD + \beta_5 INVS + \beta_6 LMAS + PFA + \mu \dots \dots \dots (3)$$

### 3.10 OPERATIONALIZATION OF VARIABLES

Variables	Types	A-prior sign	Measure
Integrity of financial statement (IFS)	Dependent variable		Questionnaire (qus 1-4)
fraud detection (FD)	Independent variable	+	Questionnaire (5-8)
investigation (INVS)	Independent variable	+	Questionnaire (9-12)
Litigation, Mediation and Arbitration Skills (LMAS)	Independent variable	+	Questionnaire (13-16)
periodic forensic audit (PFA)	Independent variable	+	Questionnaire(17-20)

**Source: Researchers Compilation, 2020**

### 3.11 Method of data analysis

The variables in this model was analyzed using the Ordinary Least Square regression analysis technique to ascertain the causal relationship that exist between this variables

### 3.12 Diagnostic Tests

Several diagnostic tests were carried out to control for some possible deficiencies that might likely occur. Below are some of the diagnostic tests that were carried out.

#### 3.13.1 Test for Normality

The Jarque Bera statistics was employed to test for normality of the distribution. A Jarque Bera statistics with a probability value that is greater than the threshold value of 0.05 indicate that the variables are normally distributed. On the average the existence of an outlier in the data set does not exist. Also a check for possible deficiencies in the shape of the curve was taking into consideration by taking into account the Kurtosis and Skewness of the curve.

### **3.13.2 Test for Multicollinerlity**

This will occur when the variables are collinear. That is the point at which they remain in an exert or almost exact linear relationship to each other. The variance inflation factor (VIF) was utilized to ascertain if the assumption hold true. The centered variance inflation factor value lies between 1-10 which indicates the absence of mulicollinerlity.

### **3.13.3 Test for Heteroskedaticity**

This is a violation of the assumption of Ordinary Least Square called Homoskedaticity. This implies the existence of multiple variances in the model. When this holds true the Blue properties of the Ordinary Least Square (OLS) is lost. The F-statistics and observed R-square values are greater than the probability value set at 5%, it therefore implies that the existence of the assumption of heteroskedaticity does not hold true in the model.

### **3.14.4 Test for Autocorrelation**

This is the correlation that exists among estimating parameter ordered by time or space. When it is ordered by time it is called serial correlation but when it is with respect to space it is called spatial correlation. It is said to occur when the statistic error term is correlated with itself over a period of time. Therefore autocorrelation is present where  $U_t = F(U_{t-1})$ . The study relied on the Durbin Watson (DW) statistics to test for the presence of autocorrelation. The Durbin Watson statistics has a threshold value that lies between 1.5 to 2.4 any value less than 1.5 indicates the presence of autocorrelation, any value above 2.4 indicates the presence of auto correlation

## HAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.1 Data Presentation

This chapter contains the presentation, analysis and interpretation of the data collected for this research work. Consequently, it entails the application of both mathematical and statistical techniques to provide the basis for the testing of the research hypothesis. Hence, it is a vital part of any research work, since it forms the basis for recommendation and conclusions at the end of the research. The models specified in the previous chapter are examined empirically. The preliminary analysis of the data is first conducted and thereafter, the regression analysis is conducted. The results are presented and interpreted below. The study targeted 150 respondents from the Institute of Chartered Accountants of Nigeria (ICAN) who are preparers and auditors financial reports in Nigeria. Out of the 150 questionnaire issued to the respondents, 135 questionnaire were filled and returned.

#### 4.2 Demographic Information

The respondent profile details included; the gender, the age and education qualification.

**Table 4.1: Distribution of Respondents by Gender**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Female	35	25.9
Male	100	74.1
<b>Total</b>	<b>135</b>	<b>100</b>

Source: Field survey, 2021

From Table 4.1, majority of the respondents were male at 74.1 percent, while 25.9 percent were female respondents.

**Table 4.2: Distribution of Respondents by Age**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
20-30	0	0.0
31-50	72	53.3
51 and above	63	46.7
Total	135	100

Source: Field survey, 2021

From the table 4.2, majority of the respondents were within the ages of 31-50 years (53.3 percent) followed by 46.7% which were within the 51 and above years while none of the respondents were within 20-30 years of age. This indicates that all the respondents were adults with reasonable years of experience in the field.

**Table 4.3: Education Level of Respondents**

<b>Education Level</b>	<b>Frequency</b>	<b>Percentage</b>
PHD/ACA	24	17.8
MSC/ACA	36	26.7
BSC/ACA	51	37.8
HND/ACA	24	17.8
Total	135	100

Source: Field survey, 2021

Table 4.3, indicates the education levels attained by the respondents. The findings in relation to the respondents' education levels as tabulated in Table 4.3 shows that amongst the respondents, 17.8 percent were Ph.D. holders in accounting, 26.7 percent had MSC, 37.8of the respondents

holds a bachelor of accounting degree while 17.8 percent had higher national diploma, all of which are members of ICAN.

**Table 4.4: Relationship between fraud detection and integrity of financial statement**

Statement	Mean ( $\bar{x}$ )	Std Dev
If the financial statement is void of manipulation it will improve the integrity of the financial statement	3.58	0.62
Consistency is an important dimension of integrity	1.84	0.37
Communication of companies' ethical values to employee will influence the employees positively and bring about integrity in the financial statement.	1.95	0.85
Sound ethical culture is a function of financial statement integrity	1.80	0.40
Total	9.17	2.24
Weight average	2.29	0.56

Source: Field survey, 2021

From the findings in Table 4.4, the respondents agreed that if the financial statement is void of manipulation it will improve the integrity of the financial statement with a mean of 3.58 and a standard deviation of 0.62. The respondents also agreed that consistency is an important dimension of integrity (mean= 1.84; STD=0.37). They also agreed with a mean of 1.95 and 1.80 respectively that communication of companies' ethical values to employee will influence the employees positively and bring about integrity in the financial statement and sound ethical culture is a function of financial statement integrity.

The mean score computed for the extent to which forensic audit influenced the integrity of the financial statement clearly reveal that forensic audit had a positive impact on financial statement with the weighted average of 2.29.

**Table 4.5: Relationship between investigation and integrity of financial statement**

<b>Statement</b>	<b>Mean (x)</b>	<b>Std Dev</b>
The application of forensic accounting skills and techniques in fraud investigation will increase confidence in investors and bring about development in the economy	2.47	0.88
Fraud prevention brings about integrity in reporting	2.40	0.53
None inclusion of fraud reporting in the duties of The conventional auditor increases risks of fraud.	1.95	0.80
Key objective of forensic audit is to detect fraud and report same	2.56	0.86
Fraud examination can help in building an efficient internal control system so as to prevent future occurrence of fraud.	1.29	0.46
Evidential Audit is a basic tool used in investigation to increase the integrity of the financial statement	1.71	0.82
Adequate experience in the area of forensic accounting will aid in proper detection of fraud	2.27	0.97
With the presence of an individual that is skilled in investigation there is the tendency for there to be a reduction in fraud in an organization	2.18	0.54
Total	16.83	5.86
Weight Average	2.40	0.84

Source: Field survey, 2021

From the findings on Table 4.5, the respondents agreed that the application of forensic accounting skills and techniques in fraud investigation will increase confidence in investors and bring about confidence from other accounting report users and also agreed that fraud prevention brings about integrity in reporting with mean of 2.47 and 2.40 and standard deviations were computed as 0.88 and 0.53 respectively. The respondents were neutral with a mean score of 1.95 when asked if none inclusion of fraud reporting in the duties of the conventional auditor increases risks of fraud. This indicates that there is an indifference as to whether none inclusion of fraud reporting in the duties of the conventional auditor increases risks of fraud. From the

responses, the respondents agreed that key objective of forensic audit is to detect fraud and report same and that fraud examination can help in building an efficient internal control system so as to prevent future occurrence of fraud with means of 2.56 and 1.29 and standard deviations of 0.86 and 0.46 respectively. Majority of the respondents were neutral with the statement that evidential audit is a basic tool used in investigation to increase the integrity of the financial statement with mean of 1.71 and standard deviation of 0.82. This indicates that evidential audit is a basic tool used in investigation to increase the integrity of the financial statement is below average. Majority of the respondents, mean=2.18, Std Dev = 0.54, agreed that With the presence of an individual that is skilled in investigation there is the tendency to be a reduction in fraud in an organization. This indicates that the presence of skilled in investigator in fraud detection is within average.

**Table 4.6: Relationship between litigation and integrity of financial statement**

<b>Statement</b>	<b>Mean (x)</b>	<b>Std Dev</b>
Court action against offenders will serve as deterrence to future fraud	2.56	0.83
The engagement of Forensic Auditor to help establish and prove involvement in fraud will help in nipping fraud perpetrator	1.96	0.61
Litigation helps in improving reliability of information on the financial statement	1.93	0.86
The use of previous records for litigation purposes would deter others from engaging in fraudulent activities.	2.18	1.04
Total	8.63	3.34
Weigh average	2.16	0.84

Source: Field survey, 2021

From the findings as shown in Table 4.6, the respondents strongly agreed that court action against offenders will serve as deterrence to future fraud and that the use of previous records for litigation purposes would deter others from engaging in fraudulent activities with a mean score

of 2.56 and 2.18 and deviations computed as 0.83 and 1.04 respectively. Majority of the respondents agreed that the engagement of forensic auditor to help establish and prove involvement in fraud will help in nipping fraud perpetrator and that litigation helps in improving reliability of information on the financial statement (mean= 1.96, 1.93, SD= 0.61, 0.86). This indicates that litigation will minimize fraud financial reporting.

**Table 4.7: Relationship between periodic forensic audit and integrity of financial statement**

<b>Statement</b>	<b>Mean (x)</b>	<b>Std Dev</b>
Periodic Forensic Auditor will deter fraud perpetrator.	2.11	1.12
Periodic Forensic Auditor will help in early detection of fraud	2.36	0.99
Early detection and prosecution of fraud perpetrator will enhance the integrity of financial statement	2.78	0.63
The integrity of financial statement will be enhance If forensic audit is made mandatory	1.95	0.85
Total	9.20	3.59
Weigh Average	2.30	0.90

Source: Field survey, 2021

Results in Table 4.7 revealed that most respondents agreed that periodic forensic audit will deter fraud perpetrator and periodic forensic audit will help in early detection of fraud with mean score of 2.11, 2.36 and standard deviation of 1.12, 0.99 respectively. This indicates that the periodic forensic auditing will help minimize fraud in financial reporting. Majority agrees that early detection and prosecution of fraud perpetrator will enhance the integrity of financial statement; the mean was 2.78 with a standard deviation of 0.63. This indicates that the early detection and prosecution of fraud perpetrator will help caution preparer of financial report. Majority of the

respondents also agreed that the integrity of financial statement will be enhanced if forensic audit is made mandatory. The level of early detection and prosecution of fraudsters is however slightly above the average.

### 4.3 Correlation Analysis

In investigating the Forensic audit in relation to the integrity of financial statement reporting in Nigeria organizations, Pearson’s product moment of correlation was used. The study assessed the Forensic Audit and the Integrity of Financial Statements at 99 percent level of confidence. The Pearson’s correlation is given as:  $-1 < r < +1$ ; where 0 to 0.29 is considered weak positive correlation; 0.3 to 0.49 is moderately positive correlation; and 0.5 to 1 corresponds to strong positive correlation. Conversely, 0 to -0.29 is considered weak negative correlation; -0.3 to -0.49 is moderately negative correlation; and -0.5 to -1 corresponds to strong negative correlation. The study’s correlation analysis is presented in Table 4.8.

**Table 4.8: Correlation Analysis**

		Integrity of financial statement (IFS)	Fraud Prevention, Detection and Deterrence Skills (FPDDS)	Forensic Audit, Investigation, and Interviewing Skills (FAIS)	Litigation, Mediation and Arbitration Skills (LMAS)	Periodic forensic audit (PFA)
Integrity of financial statement (IFS)	Pearson Correlation	1	.041	.152	.207	.557**
	Sig. (2-tailed)		.922	.333	.275	.001
	N	135	135	135	135	135
Fraud Prevention, Detection and Deterrence Skills (FPDDS)	Pearson Correlation	.041	1	.159	.038	.599**

	Sig. (2-tailed)	.922		.336	.963	.000
	N	135	135	135	135	135
Forensic Audit, Investigation, and Interviewing Skills (FAIS)	Pearson Correlation	.152	.159	3	.096	.361
	Sig. (2-tailed)	.333	.336	1	.566	.072
	N	135	135	135	135	135
Litigation, Mediation and Arbitration Skills (LMAS)	Pearson Correlation	.207	.038	.096	1	.336
	Sig. (2-tailed)	.275	.963	.566		.078
	N	135	135	135	135	135
Periodic forensic audit (PFA)	Pearson Correlation	.557**	.599**	.336	.361	1
	Sig. (2-tailed)	.001	.000	.072	.078	
	N	135	135	135	135	135

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

From correlation analysis results presented in Table 4.8 above, it can be seen that fraud prevention, detection and deterrence skills had the most significant correlation of 0.599 when evaluated against integrity of financial statement at 0.01 level of significance. On the other hand forensic audit, investigation, and interviewing skills had less significant positive correlations of 0.361 against integrity of financial statement. Litigation, mediation and arbitration skills had the least significant positive correlation of 0.336 against integrity of financial statement. The results indicate that the fraud prevention, detection and deterrence skills have the greatest influence on integrity of financial statement while litigation, mediation and arbitration skills have the least influence.

**Table 4.9. Normality Test**

SN	Variable	Number of items	Jacque Berra	P-value
1	Integrity of financial statement (IFS)	4	2.585	0.2642
2	Fraud Prevention, Detection and Deterrence Skills (FPDDS)	4	2.003	0.3367
3	Forensic Audit, Investigation, and Interviewing Skills (FAIS)	4	2.177	0.1766
4	Litigation, Mediation and Arbitration Skills (LMAS)	4	2.48	0.2894
5	Periodic forensic audit (PFA)	4	3.909	0.1417

Source: Computed by Author February 2021

The test results are shown in table 4.9. From the results, the p-value was not significant for all the variables because the value was greater than 10%. This implied that the variables used in the analyses were normally distributed making the assumption of Ordinary Least Squares to be satisfied. Consequently, Ordinary Least Squares estimation technique could be used. Table 4.10 presents the characteristics of the variables that were used in the model in terms of their means, standard deviations, minimum and maximum values. The results reveal that Integrity of financial statement (IFS) is 4.8 on an average with a deviation from this average value by 0.6791. It is observed that the variable has a minimum and maximum value of 1.4 and 5 respectively. On an average, Fraud Prevention, Detection and Deterrence Skills (FPDDS) is 4.07 with a deviation from this average by 0.46. Its minimum and maximum values are 2.375 and 4.857 respectively. Also, the mean value of Forensic Audit, Investigation, and Interviewing Skills (FAIS) is 3.765 with a deviation from this mean by 0.448. The minimum and maximum values of these variables are 2.636 and 4.818 respectively. It is further observed that periodic forensic audit

(PFA) is 3.83 on an average, with a deviation from this average by 0.43. It also has a minimum and maximum value of 2.64 and 5.21 respectively.

**Table 4.10. Summary Statistics**

Variable	Observation	Mean	Standard Deviation	Minimum	Maximum
IFS	135	4.8	0.6791	1.4	5
FD	135	4.071949	0.461527	2.375	4.857143
INVS	135	3.765049	0.448219	2.636364	4.818182
LMAS	135	3.833564	0.432913	2.642857	5.214286
PFA	135	3.361997	0.533628	2	4.428571

Source: Author's computation February 2021

Table 4.10 shows the VIF results which are used to further test for multi-collinearity. If the VIF of a coefficient of a variable exceeds 10, then that variable is highly collinear, and multicollinearity becomes a problem (Gujarati, 2004). In this study, the VIF results show that individually, none of the VIF exceeds 10, thus it can be concluded that there is no problem of multicollinearity among the independent variables.

**Table 4.11. VIF Results**

Variable	VIF	1/VIF
IFS	1.61	0.622424
FD	1.47	0.682119
INVS	1.42	0.704082
LMAS	1.33	0.75193
PFA	1.19	0.843042
Mean VIF	1.404	

Source: Author's computation February 2021

## 4.4 Diagnostic Test

### 4.4.1 Multicollinearity Test Results

This test aims to detect a linear relationship between the independent variables in multiple regression. A good regression model should not have a correlation between independent

variables. To detect the presence or absence of multicollinearity in multiple regression models can be seen from the value tolerance and Variance Inflation factor (VIF). If the value is tolerance above 0.1 and VIF is below 10, the model is free from multicollinearity. Test results is expressed in Table 4.12

**Table 4.12: Multicollinearity Test Results**

Variable	Tolerance	Description
Integrity of financial statement (IFS)	0,660	Multicollinearity
Fraud Prevention, Detection and Deterrence Skills (FPDDS)	0,610	Free
Forensic Audit, Investigation, and Interviewing Skills (FAIIS)	0.742	Multicollinearity
Litigation, Mediation and Arbitration Skills (LMAS)	0.672	Multicollinearity Free
Periodic forensic audit (PFA)	0.629	Multicollinearity Free

Source: Author's computation February 2021

Test results in the research model above show that all independent variables have VIF

values of less than 10 and values tolerance > 0.1 so it can be concluded that the model does not occur multicollinearity.

#### 4.4.2 Heteroscedasticity Test Results

**Table 4.13. Heteroscedasticity Test Results**

Variable	t <sub>count</sub>	p-value	Information
Integrity of financial statement (IFS)	-0.257	0.797	Free Heteroscedasticity
Fraud Prevention, Detection and Deterrence Skills (FPDDS)	2.224	0.290	Free Heteroscedasticity
Forensic Audit, Investigation, and Interviewing Skills (FAIIS)	-2.067	0.420	Free Heteroscedasticity
Litigation, Mediation and Arbitration Skills (LMAS)	2.401	0.316	Free Heteroscedasticity
Periodic forensic audit (PFA)	-2.033	0.429	Free Heteroscedasticity

Source: Author's computation February 2021

Based on results shown in table 4.13 it appears that all independent variables show p-value greater than 0.05, so it can be concluded that all variables are free from heteroscedasticity.

## 4.5 Results Regression

**Table 4.14: Results Regression**

Variable	Regression Coefficients	T	Sig	t <sub>table</sub>	f <sub>table</sub>
Constant	3.991	4.486	0.000		
Integrity of financial statement (IFS)	-0060	-0619	0.537		
Forensic Audit, Investigation, and Interviewing Skills (FAIIS)	-0303	-2469	0.301		
Litigation, Mediation and Arbitration Skills (LMAS)	0.443	-3.428	0.146		
Periodic forensic audit (PFA)	0.411	2.564	0.003	1.986	2.70
R <sup>2</sup> = 0.137				Fhitung = 4.862	
Adjusted R <sup>2</sup> = 0.109				Sig = 0.003	

Source: results of data processing, 2021

### 4.5.1 Hypothesis Test (statistical test t)

The t-test is used to determine the effect of each variable perceptions of Integrity of financial statement, fraud prevention, detection and deterrence skills, forensic audit, investigation, and interviewing skills, litigation, mediation and arbitration skills and periodic forensic audit reviews. Regression testing is used two tailed test with  $\alpha = 5\%$ , which means that the confidence level is 95%. The results of the t-test can be seen in the attachment. Based on the results of testing the t-test shows that:

- a. The value of t calculated for the perceived Integrity of financial statement is smaller than t table which is equal to  $-0.619 < 1.986$  and a significant value of  $0.537 > 0.05$ , so  $H_1$  is rejected which means there is a relationship between fraud detection and integrity of financial statement. This findings is in line with the findings of Becca and Jay (2004) and Oyedokun (2015).

- b. The results of t count for forensic audit, investigation, and interviewing skills are less than t table at  $-2.469 < 1.986$  and significant values of  $0.301 > 0.05$ , so  $H_2$  is rejected which means that there is a relationship that exists between investigation and integrity of financial statement. This findings is in line with the findings of Aleksanyan (2009) and Oyedokun (2015).
- c. The results of t count for litigation, mediation and arbitration skills variables are smaller than t table of  $-3.428 < 1.986$  with a significant value of  $0.146 > 0.05$  so that  $H_3$  is rejected. So it can be concluded that there is relationship between litigation and integrity of financial statement. This is in line with the findings of Aleksanyan (2009) and Oyedokun (2015).
- d. The results of t count for periodic forensic audit are greater than t table of  $2.564 > 1.986$  with a significant value of  $0.001 < 0.05$  so that  $H_4$  is accepted. So it can be concluded that there is no relationship between periodic forensic audit and integrity of financial statement.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The objective of the study was to examine the impact of forensic audit on the integrity of the financial statement. In achieving this, data collected from responses from various respondents are analyzed using multiple regressions analysis to check for the existence of causal relationships between the dependent and explanatory variables. The chapter concludes on the findings of the study and highlights salient policy recommendations and recommendations for future studies.

#### 5.1 Summary Of findings

From the result of the regression, it was observed that

- i. Fraud detection was found to have a positive relationship with integrity of financial statement.
- ii. Investigation was found to have a negative impact on integrity of financial statement.
- iii. Litigation was found to have a positive impact on integrity of financial statement.
- iv. Periodic audit was found not to have a positive impact on integrity of financial statement.

This is not in agreement with the a priori expectation.

#### 5.3 Conclusion

This study was carried out to ascertain the impact of forensic audit on the integrity of the financial statement in Nigeria. In achieving this data was collected based on the responses from various respondents. The data were arrayed in a table comprising of roles and column, thereafter the regression analysis was employed to ascertain the causal relationship among the estimating parameters. From the result of the analysis carried out it was observed that forensic audit is

major determinant of integrity of financial statement. Based on the foregoing the following recommendations were made.

#### **5.4 Recommendations**

- i. Fraud detection was found to have a positive relationship with integrity of financial statement. It is therefore recommended that organisations should ensure adequate application of forensic accounting skills and techniques to reduce fraud which in turn will increase confidence amongst investors and bring about development in the economy.
- ii. Investigation was found to have a negative impact on integrity of financial statement. It is therefore recommended that there is the need for individuals with adequate experience in the area of forensic accounting so as to aid in proper detection of fraud
- iii. Litigation was found to have a positive impact on integrity of financial statement. It is therefore recommended that organisations should utilize previous records for litigation purposes so as to deter others from engaging in fraudulent activities
- iv. Periodic audit was found not to have a positive impact on integrity of financial statement. The study therefore recommends early detection and prosecution of fraud perpetrator so as to enhance the integrity of financial statement

#### **Contribution to knowledge**

This work reaffirmed the results of extant literatures, conceptual and empirical, on the impact and relationship of forensic audit as a tool against fraud. It reestablishes that fraud detection, prevention, investigation and litigation with the help of forensic accountant as expert witness will mitigate the incidence of fraud, particularly in Nigeria.

The study further contributes to knowledge with the introduction of periodic forensic audit to previous research models. It is established from the analysis of the population's responses

that though forensic audit has positive relationship with the integrity of financial statements it should not be periodic and/or mandatory.

### **5.5 Recommendation for further studies**

- i. The time frame and sample size could be increased in order to cover longer time frame and more representative sample size in order to enhance the quality of the results.
- ii. Inclusion of other variables of a technical nature could also be introduced into the model for more robustness

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APPENDICES

Frequencies

Notes

Output Created		07-MAR-2021 15:55:54
Comments		
Input	Data	C:\Users\Simeon\Desktop\alari\my project file\accounting.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	135
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=SN AGE GN EDU /STATISTICS=STDDEV MEAN /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.06
	Elapsed Time	00:00:00.06

[DataSet1] C:\Users\Simeon\Desktop\alari\my project file\Nurse Rachael.sav

**Statistics**

	SN	Age	Gender	Religion	Education qualification	If the financial statement is void of manipulation it will improve the integrity of the financial statement	
N	Valid	135	135	135	135	135	
	Missing	0	0	0	0	0	
Mean		68.00	3.50	5.32	3.39	1.06	3.58
Std. Deviation		39.115	.656	1.256	1.198	.267	.62

**Statistics**

		Consistency is an important dimension of integrity	Communication of companies' ethical values to employee will influence the employees positively and bring about integrity in the financial statement.	Sound ethical culture is a function of financial statement integrity	The application of forensic accounting skills and techniques in fraud investigation will increase confidence in investors and bring about development in the economy	Fraud prevention brings about integrity in reporting
N	Valid	135	135	135	135	135
	Missing	0	0	0	0	0
Mean		1.84	1.95	1.80	2.47	2.40
Std. Deviation		.37	.85	.40	.88	.53

### Statistics

		None inclusion increases risks	Key objective of forensic audit is to detect fraud and report same	Fraud examination can help in building an efficient internal control system so as to prevent future occurrence of fraud.	Evidential Audit is a basic tool used in investigation to increase the integrity of the financial statement	Adequate experience in the area of forensic accounting will aid in proper detection of fraud
N	Valid	135	135	135	135	135
	Missing	0	0	0	0	0
Mean		1.95	2.56	1.29	1.71	2.27
Std. Deviation		.80	.86	.46	0.82	.97

### Statistics

		With the presence of an individual that is skilled in investigation there is the tendency for there to be a reduction in fraud in an organization	Court action against offenders will serve as deterrence to future fraud	The engagement of Forensic Auditor to help establish and prove involvement in fraud will help in nipping fraud perpetrator	Litigation helps in improving reliability of information on the financial statement	The use of previous records for litigation purposes would deter others from engaging in fraudulent activities.
N	Valid	135	135	135	135	135
	Missing	0	0	0	0	0
Mean		2.18	2.56	1.96	1.93	2.18
Std. Deviation		.54	.83	.61	.86	.1.04

		Periodic Forensic Auditor will deter fraud perpetrator.	Periodic Forensic Auditor will help in early detection of fraud	Early detection and prosecution of fraud perpetrator will enhance the integrity of financial statement	The integrity of financial statement will be enhance If forensic audit is made mandatory
N	Valid	135	135	135	135
	Missing	0	0	0	0
Mean		2.11	2.36	2.78	1.95
Std. Deviation		.1.12	.99	.63	.85

### Frequency Table

SN

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	.7	.7	.7
	2	.7	.7	1.5
	3	.7	.7	2.2
	4	.7	.7	3.0

5	1	.7	.7	3.7
6	1	.7	.7	4.4
7	1	.7	.7	5.2
8	1	.7	.7	5.9
9	1	.7	.7	6.7
10	1	.7	.7	7.4
11	1	.7	.7	8.1
12	1	.7	.7	8.9
13	1	.7	.7	9.6
14	1	.7	.7	10.4
15	1	.7	.7	11.1
16	1	.7	.7	11.9
17	1	.7	.7	12.6
18	1	.7	.7	13.3
19	1	.7	.7	14.1
20	1	.7	.7	14.8
21	1	.7	.7	15.6
22	1	.7	.7	16.3
23	1	.7	.7	17.0
24	1	.7	.7	17.8
25	1	.7	.7	18.5
26	1	.7	.7	19.3
27	1	.7	.7	20.0
28	1	.7	.7	20.7
29	1	.7	.7	21.5
30	1	.7	.7	22.2
31	1	.7	.7	23.0
32	1	.7	.7	23.7
33	1	.7	.7	24.4
34	1	.7	.7	25.2
35	1	.7	.7	25.9
36	1	.7	.7	26.7
37	1	.7	.7	27.4
38	1	.7	.7	28.1
39	1	.7	.7	28.9

40	1	.7	.7	29.6
41	1	.7	.7	30.4
42	1	.7	.7	31.1
43	1	.7	.7	31.9
44	1	.7	.7	32.6
45	1	.7	.7	33.3
46	1	.7	.7	34.1
47	1	.7	.7	34.8
48	1	.7	.7	35.6
49	1	.7	.7	36.3
50	1	.7	.7	37.0
51	1	.7	.7	37.8
52	1	.7	.7	38.5
53	1	.7	.7	39.3
54	1	.7	.7	40.0
55	1	.7	.7	40.7
56	1	.7	.7	41.5
57	1	.7	.7	42.2
58	1	.7	.7	43.0
59	1	.7	.7	43.7
60	1	.7	.7	44.4
61	1	.7	.7	45.2
62	1	.7	.7	45.9
63	1	.7	.7	46.7
64	1	.7	.7	47.4
65	1	.7	.7	48.1
66	1	.7	.7	48.9
67	1	.7	.7	49.6
68	1	.7	.7	50.4
69	1	.7	.7	51.1
70	1	.7	.7	51.9
71	1	.7	.7	52.6
72	1	.7	.7	53.3
73	1	.7	.7	54.1
74	1	.7	.7	54.8

75	1	.7	.7	55.6
76	1	.7	.7	56.3
77	1	.7	.7	57.0
78	1	.7	.7	57.8
79	1	.7	.7	58.5
80	1	.7	.7	59.3
81	1	.7	.7	60.0
82	1	.7	.7	60.7
83	1	.7	.7	61.5
84	1	.7	.7	62.2
85	1	.7	.7	63.0
86	1	.7	.7	63.7
87	1	.7	.7	64.4
88	1	.7	.7	65.2
89	1	.7	.7	65.9
90	1	.7	.7	66.7
91	1	.7	.7	67.4
92	1	.7	.7	68.1
93	1	.7	.7	68.9
94	1	.7	.7	69.6
95	1	.7	.7	70.4
96	1	.7	.7	71.1
97	1	.7	.7	71.9
98	1	.7	.7	72.6
99	1	.7	.7	73.3
100	1	.7	.7	74.1
101	1	.7	.7	74.8
102	1	.7	.7	75.6
103	1	.7	.7	76.3
104	1	.7	.7	77.0
105	1	.7	.7	77.8
106	1	.7	.7	78.5
107	1	.7	.7	79.3
108	1	.7	.7	80.0
109	1	.7	.7	80.7

110	1	.7	.7	81.5
111	1	.7	.7	82.2
112	1	.7	.7	83.0
113	1	.7	.7	83.7
114	1	.7	.7	84.4
115	1	.7	.7	85.2
116	1	.7	.7	85.9
117	1	.7	.7	86.7
118	1	.7	.7	87.4
119	1	.7	.7	88.1
120	1	.7	.7	88.9
121	1	.7	.7	89.6
122	1	.7	.7	90.4
123	1	.7	.7	91.1
124	1	.7	.7	91.9
125	1	.7	.7	92.6
126	1	.7	.7	93.3
127	1	.7	.7	94.1
128	1	.7	.7	94.8
129	1	.7	.7	95.6
130	1	.7	.7	96.3
131	1	.7	.7	97.0
132	1	.7	.7	97.8
133	1	.7	.7	98.5
134	1	.7	.7	99.3
135	1	.7	.7	100.0
Total	135	100.0	100.0	

**SEX**

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Male	100	74.1	55.5	55.5
	Female	35	25.9	44.5	100.0
	Total	135	100.0	100	

**Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	0	0	0	0
31-50	72	72	72	78.4
Valid 51 and above	63	63	63	100.0
Total	135	100.0	100.0	

**Education qualification**

	Frequency	Percent	Valid Percent	Cumulative Percent
PHD/ACA	24	17.8	17.8	17.8
MSC/ACA	36	26.7	26.7	48.9
Valid BSC/ACA	51	37.8	37.8	44.8
HND/ACA	24	17.8	17.8	100.0
Total	135	100.0	100.0	

If the financial statement is void of manipulation it will improve the integrity of the financial statement

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	12	8.8	8.8	8.8
Disagree	.0	4.4	4.4	10.4
Valid Neutral	6	.0	.0	.0
Agree	18	13.3	13.3	45.9
Strongly Agree	99	73.3	73.3	100.0
Total	135	100.0	100.0	

Consistency is an important dimension of integrity

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	5	3.7	3.7	3.7
Disagree	6	4.4	4.4	7.0
Valid Neutral	0	0	0	0
Agree	51	37.8	37.8	99.3
Strongly Agree	73	54.1	54.1	100.0
Total	135	100.0	100.0	

Communication of companies' ethical values to employee will influence the employees positively and bring about integrity in the financial statement

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	.0	.0	.0	.0
Disagree	13	9.6	9.6	80.7
Valid Neutral	.0	.0	.0	.0
Agree	101	74.8	74.8	96.3
Strongly Agree	21	15.6	15.6	100.0
Total	135	100.0	100.0	

Sound ethical culture is a function of financial statement integrity

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	.0	.0	.0	.0
Disagree	4	3.0	3.0	3.0
Valid Neutral	5	3.7	3.7	32.0
Agree	104	77.0	77.0	99.3
Strongly Agree	22	.7	.7	100.0

Total	135	100.0	100.0
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The application of forensic accounting skills and techniques in fraud investigation will increase confidence in investors and bring about development in the economy

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	.0	.0	.0	.0
Disagree	3	2.2	2.2	43.7
Valid Neutral	.0	.0	.0	.0
Agree	102	75.6	75.6	74.8
Strongly Agree	30	22.2	22.2	100.0
Total	135	100.0	100.0	

Fraud prevention brings about integrity in reporting

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	17	12.6	12.6	12.6
Disagree	6	4.4	4.4	6.2
Valid Neutral	6	4.4	4.4	8.9
Agree	72	53.3	53.3	96.3
Strongly Agree	34	25.2	25.2	100.0
Total	135	100.0	100.0	

None inclusion of fraud reporting in the duties of The conventional auditor increases risks of fraud

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	.0	.0	.0	.0
Disagree	15	11.1	11.1	11.1
Valid Neutral	48	35.6	35.6	53.0
Agree	37	27.4	27.4	46.3
Strongly Agree	35	25.9	25.9	100.0

Total	135	100.0	100.0
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Key objective of forensic audit is to detect fraud and report same.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	.0	.0	.0	.0
Disagree	24	17.7	17.7	32.6
Valid Neutral	20	14.8	14.8	26.0
Agree	53	39.3	39.3	39.3
Strongly Agree	38	28.1	28.1	100.0
Total	135	100.0	100.0	

Fraud examination can help in building an efficient internal control system so as to prevent future occurrence of fraud.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	12	8.9	8.9	8.9
Disagree	19	14.1	14.1	21.1
Valid Neutral	.0	.0	.0	.0
Agree	58	43.0	43.0	92.6
Strongly Agree	46	34.1	34.1	100.0
Total	135	100.0	100.0	

Evidential Audit is a basic tool used in investigation to increase the integrity of the financial statement

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	0	.0	.0	.0
Valid Disagree	24	17.8	17.8	17.8
Neutral	.0	.0	.0	.0
Agree	63	46.7	46.7	81.6

Strongly Agree	48	35.6	35.6	100.0
Total	135	100.0	100.0	

**Adequate experience in the area of forensic accounting will aid in proper detection of fraud**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	9	6.7	6.7	6.7
Disagree	.0	.0	.0	.0
Neutral	.0	.0	.0	.0
Agree	80	59.3	59.3	99.3
Strongly Agree	46	34.1	34.1	100.0
Total	135	100.0	100.0	

**With the presence of an individual that is skilled in investigation there is the tendency for there to be a reduction in fraud in an organization**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	12	8.9	8.9	8.9
Disagree	.0	.0	.0	.0
Neutral	5	3.7	3.7	20.0
Agree	96	71.1	71.1	84.4
Strongly Agree	22	16.3	16.3	100.0
Total	135	100.0	100.0	

**Court action against offenders will serve as deterrence to future fraud**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	2	1.5	1.5	1.5
Disagree	0	.0	.0	.0
Neutral	0	.0	.0	.0

Agree	87	64.4	64.4	96.7
Strongly Agree	46	34.1	34.1	100.0
Total	135	100.0	100.0	

**The engagement of Forensic Auditor to help establish and prove involvement in fraud will help in nipping fraud perpetrator**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	0	.0	.0	.0
Disagree	0	.0	.0	.0
Neutral	21	15.6	15.6	15.6
Agree	85	63.0	63.0	96.3
Strongly Agree	29	21.5	21.5	100.0
Total	135	100.0	100.0	

**Disposal of menstrual absorbent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	11	8.2	8.2	8.2
Disagree	36	26.7	26.7	50.4
Neutral	0	.0	.0	.0
Agree	73	54.1	54.1	61.5
Strongly Agree	15	11.1	11.1	100.0
Total	135	100.0	100.0	

**The use of previous records for litigation purposes would deter others from engaging in fraudulent activities.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	0	.0	.0	.0
Disagree	0	.0	.0	.0
Neutral	7	5.2	5.2	37.8
Agree	87	64.4	64.4	41.5
Strongly Agree	41	30.4	30.4	100.0

Total	135	100.0	100.0
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**Periodic Forensic Auditor will deter fraud perpetrator.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	0	.0	.0	.0
Valid Disagree	0	.0	.0	.0
Valid Neutral	21	15.6	15.6	15.0
Valid Agree	46	34.1	34.1	38.0
Valid Strongly Agree	68	50.4	50.4	100
Total	135	100.0	100	

**Periodic Forensic Auditor will help in early detection of fraud**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	0	.0	.0	.0
Valid Disagree	0	.0	.0	.0
Valid Agree	6	4.4	4.4	4.4
Valid Neutral	75	55.6	55.6	93.8
Valid Strongly Agree	54	40	40	100.0
Total	135	100.0	100.0	

**Early detection and prosecution of fraud perpetrator will enhance the integrity of financial statement**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	0	.0	.0	.0
Valid Disagree	2	1.5	1.5	1.5
Valid Agree	10	7.4	7.4	9.6
Valid Neutral	39	28.9	28.9	89.3
Valid Strongly Agree	84	62.2	62.2	100.0
Total	135	100.0	100.0	

**The integrity of financial statement will be enhance If forensic audit is  
made mandatory**

	Frequenc y	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	0	.0	.0	.0
Disagree	0	.0	.0	.0
Valid Agree	8	5.9	5.9	1.6
Neutral	82	60.7	60.7	97.8
Strongly Agree	45	33.3	33.3	100.0
Total	135	100.0	100.0	