

**THE ROLE OF FORENSIC ACCOUNTING IN ENHANCING COOPERATE
GOVERNANCE IN LISTED FIRM IN NIGERIA**



**ALETOR NOSAKHARE CYRIL
MGS2104503**

**DEPARTMENT OF ACCOUNTING
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
BENIN CITY.**

NOVEMBER 2025.

**THE ROLE OF FORENSIC ACCOUNTING IN ENHANCING COOPERATE
GOVERNANCE IN LISTED FIRM IN NIGERIA**

**ALETOR NOSAKHARE CYRIL
MGS2104503**

**DEPARTMENT OF ACCOUNTING
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
BENIN CITY.**

**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, UNIVERSITY OF
BENIN, BENIN CITY. IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
THE AWARD OF THE BACHELOR OF SCIENCE (B.SC) DEGREE IN
ACCOUNTING**

NOVEMBER 2025.

DECLARATION

I hereby declare that,

This study 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 Prof. E. Eragbhe of the Department of Accounting, Management Sciences, University of Benin, Benin City, Nigeria.

This work has not been submitted for the award of degree elsewhere.

Ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged.

Any liability arising from this work is to be wholly borne by me alone

Nosakhare Cyril ALETOR

MGS2104503

DATE

DEDICATION

This project work is dedicated to God Almighty for His abundant grace in my life and for seeing me through my academic pursuit and aspirations. He has been my source of strength and on his wings only I have soared. I also want to dedicate this project to my Family and friends for the love and encouragement they have shown towards me during this programme, all I can say is thank you and God bless you.

CERTIFICATION

We, certify that this research project was carried out by **Nosakhare Cyril ALETOR** in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. It is adequate in scope and quality in partial fulfilment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

Prof. E. ERAGBHE
(Project Supervisor)

Date

Dr. G. O. IKHU-OMOREGBE
(Project Coordinator)

Date

Prof. O. OBARETIN
(Head of Department)

Date

ACKNOWLEDGEMENTS

I would like to acknowledge the valuable support and guidance provided by my project Supervisor Prof. E. ERAGBHE throughout the course of this project. His expertise and insights were crucial in shaping the direction and outcome of this work. I would also like to express my gratitude to my parents, Mr. and Mrs. ALETOR, whose input and collaboration enhanced the quality of this project. Additionally, I extend my thanks to my Big Sisters Tracy, Doris and Grace, for their unwavering encouragement during this endeavour.

Also, I want to specially appreciate my friends Flourish, Reuben, Favour, Benjamin, and Joseph for their support and Academic contribution all throughout my stay in the University.

TABLE OF CONTENTS

COVER PAGE	ii
DECLARATION	iii
DEDICATION	iv
CERTIFICATION	v
ACKNOWLEDGEMENT	vi
ABSTRACT	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background to the Study	1
1.2 Statement of the Problem	2
1.3 Research Questions	2
1.4 Research Objectives	3
1.5 Research Hypotheses.....	3
1.6 Significance of the Study	4
1.7 Scope and Delimitation of the Study.....	4
CHAPTER TWO	5
LIRETATURE REVIEW	5
2.1 Introduction	5
2.2 Conceptual Review.....	5
2.2.1 Fraud Detection through Forensic Accounting	5
2.2.2 Forensic Data Analytics.....	7
2.2.3 Review of Internal Controls	9
2.2.4 Litigation Support and Investigations	10
2.3 Theoretical Review.....	12
2.3.1 Agency Theory	12
2.3.2 Fraud Triangle and Fraud Diamond Theories	13
2.3.3 Stakeholder Theory	15
2.4 Empirical Review	17
CHAPTER THREE	21
METHODOLOGY	21
3.1 Introduction	21

3.2 Research Design	21
3.3 Population of the Study	21
3.4 Sample and Sampling Technique	22
3.5 Method of Data Collection	22
3.6 Method of Data Analysis	22
3.7 Validity and Reliability of the Instrument	22
3.7 Model Specification	23
CHAPTER FOUR	25
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	25
4.1 Introduction	25
4.2 Descriptive Analysis.....	26
4.2.1 Analysis of Respondents Demographic Profile.....	26
4.2.2 Descriptive Analysis of respondents' views	28
4.3 Inferential Analysis.....	35
4.3.1 Test of Hypotheses	35
CHAPTER FIVE	39
SUMMARY, CONCLUSION AND RECOMMENDATIONS	39
5.1 Summary of Findings	39
5.2 Conclusion.....	40
5.3 Recommendations	41
5.4 Contribution to Knowledge	42
REFERENCES	43
QUESTIONNAIRE	46

ABSTRACT

This study investigates the impact of forensic accounting practices on corporate governance in Nigerian manufacturing companies. Specifically, it examines how fraud detection, forensic data analytics, internal control reviews, and litigation support influence transparency, accountability, and board oversight.

A survey research design was adopted, and data was collected from 275 respondents, including auditors, forensic accountants, finance managers, and other professionals. The data were analyzed using descriptive statistics and regression analysis.

The findings reveal that fraud detection significantly enhances financial reporting integrity and discourages financial misconduct, while forensic data analytics improves decision-making speed, risk assessment, and transparency. Reviewing internal controls was identified as the most influential factor, strengthening accountability and reducing opportunities for fraud. Additionally, forensic accounting support for litigation and investigations was found to improve compliance enforcement and ethical governance practices. Regression results confirmed that forensic accounting practices collectively have a significant positive effect on corporate governance ($R = 0.488$, $R^2 = 0.238$, $p < 0.05$).

The study concludes that forensic accounting is a critical mechanism for enhancing corporate governance by promoting transparency, accountability, and stakeholder confidence. It recommends that organizations institutionalize forensic auditing, adopt advanced data analytics tools, strengthen internal control reviews, and engage forensic experts in litigation and compliance processes.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The importance of corporate governance in maintaining trust, transparency, and accountability in companies cannot be overemphasized. In Nigeria, several firms listed on the Nigerian Exchange have faced cases of financial irregularities, mismanagement, and fraud, leading to a loss of investor confidence and sometimes even the collapse of businesses. These issues point to weaknesses in the governance systems meant to safeguard stakeholders' interests (Adegbayibi, 2025).

Forensic accounting has become a helpful approach in tackling some of these problems. It involves the use of accounting, auditing, and investigative skills to examine financial records for signs of fraud or misconduct. This practice goes beyond routine checks by auditors and focuses on uncovering deeper financial issues that may be hidden or manipulated. In Nigeria, forensic accounting has played a significant role in uncovering fraud in sectors like banking, helping to improve internal controls and promote accountability (Onyema, Ojo Agbodu, and Adebayo, 2024).

There is growing interest in how forensic accounting can help strengthen governance across other sectors as well, such as oil and gas, manufacturing, and telecommunications. While the benefits of forensic accounting are acknowledged in some areas, it is still not clear how widely it is used in non-banking listed firms in Nigeria. Many of these companies continue to face challenges such as poor internal oversight, financial misreporting, and lack of transparency, which could potentially be addressed through forensic techniques.

With increasing concerns over corporate misconduct and financial crimes, there is a need to explore the extent to which forensic accounting is being adopted by listed firms in Nigeria and how it may help improve governance practices. This study aims to understand that connection

and contribute to better decision-making by stakeholders who are responsible for managing or regulating corporate organizations.

1.2 Statement of the Problem

Corporate governance failures have continued to affect listed companies in Nigeria. These failures often result in financial scandals, fraud, and the eventual breakdown of internal control systems. While some firms have put certain governance structures in place, issues such as weak oversight, poor accountability, and insider dealings still persist.

In response to these challenges, forensic accounting has been introduced in some sectors as a way to detect and prevent fraud. It has shown potential in identifying irregularities and improving internal processes. However, there is limited understanding of how widely it is being applied in non-banking listed companies in Nigeria and whether it is making a measurable impact on corporate governance in those organizations.

It is also not clear whether these firms have the capacity, expertise, or willingness to adopt forensic accounting practices. If adopted, it remains to be seen how effective such practices are in strengthening transparency, accountability, and board oversight. These questions point to a need for deeper inquiry into how forensic accounting may help listed companies manage their governance responsibilities more effectively.

1.3 Research Questions

The following questions were raised to guide this study

- 1 How does fraud detection by forensic accounting improve corporate governance in listed firms in Nigeria?
- 2 What impact does forensic data analytics have on corporate governance in Nigerian listed companies?

- 3 How does reviewing internal controls through forensic accounting affect transparency and accountability?
- 4 How does forensic accounting support litigation and investigations to strengthen board oversight in listed firms?

1.4 Research Objectives

The main objective of the study is to investigate the role of Forensic Accounting in enhancing corporate governance in listed firms in Nigeria. Specifically, the objectives are:

- 1 to examine how fraud detection by forensic accounting improves corporate governance in listed firms in Nigeria.
- 2 to assess the impact of forensic data analytics on corporate governance in Nigerian listed companies.
- 3 to evaluate how reviewing internal controls through forensic accounting affects transparency and accountability.
- 4 to investigate how forensic accounting supports litigation and investigations to strengthen board oversight in listed firms.

1.5 Research Hypotheses

The hypotheses of the study are stated in their null form as follows

- 1 There is no significant relationship between fraud detection by forensic accounting and improvement in corporate governance in listed firms in Nigeria.
- 2 Forensic data analytics does not have a significant impact on corporate governance in Nigerian listed companies.
- 3 Reviewing internal controls through forensic accounting does not significantly affect transparency and accountability.

4 Forensic accounting support for litigation and investigations does not significantly strengthen board oversight in listed firms.

1.6 Significance of the Study

This study is important for several reasons. First, it contributes to understanding how forensic accounting can improve corporate governance in Nigerian listed firms. By highlighting the specific ways forensic accounting helps detect fraud, analyze data, review internal controls, and support legal investigations, this research provides useful insights for companies aiming to enhance transparency and accountability.

Second, the findings will be valuable to corporate executives, auditors, regulators, and policymakers by informing strategies to strengthen governance frameworks and reduce financial misconduct. It will also help forensic accountants understand their critical role in promoting ethical business practices.

Third, this study supports ongoing efforts to boost investor confidence and protect shareholders' interests in Nigeria's capital market. Improved corporate governance through forensic accounting can lead to better decision-making and long-term business sustainability.

Finally, the study serves as a foundation for future research on forensic accounting and corporate governance, particularly in emerging markets like Nigeria, where these practices are still evolving.

1.7 Scope and Delimitation of the Study

This study focused on the role of forensic accounting in enhancing corporate governance specifically within listed firms in Nigeria. It examined key aspects such as fraud detection, forensic data analytics, internal control reviews, and litigation support. The research was limited to publicly listed companies and did not cover private firms or other sectors. Data collection was confined to available corporate reports and expert opinions within the Nigerian context.

CHAPTER TWO

LIRETATURE REVIEW

2.1 Introduction

Corporate governance remains an essential pillar in ensuring the accountability, transparency, and sustainability of organizations. In recent years, forensic accounting has emerged as a potent tool in enhancing governance frameworks, especially in economies grappling with corporate fraud, regulatory weaknesses, and declining stakeholder confidence. Within Nigeria's corporate landscape, where listed firms are regularly confronted with governance and fraud-related challenges, forensic accounting has increasingly gained recognition as an effective mechanism for mitigating financial misconduct and strengthening institutional controls (Dada, Igbekoyi & Dagunduro, 2023; Adegbayibi, 2025).

This chapter presents a structured review of the relevant concepts, theories, and empirical findings surrounding the intersection of forensic accounting and corporate governance, particularly within listed Nigerian firms. It begins with a conceptual review of key constructs, proceeds with an examination of theoretical frameworks, and concludes with an empirical analysis of recent research findings.

2.2 Conceptual Review

2.2.1 Fraud Detection through Forensic Accounting

Fraud detection in the context of forensic accounting refers to the deliberate process of identifying, analyzing, and reporting financial irregularities and deceitful practices using investigative accounting techniques. These methods go beyond traditional auditing by utilizing tools such as ratio analysis, digital forensic techniques, and behavioral red-flag analysis to expose hidden financial malpractices. The increasing complexity of corporate financial

structures and the rising incidence of financial crimes have necessitated more robust and specialized tools for fraud detection, especially within listed firms in developing economies.

Forensic accounting, unlike conventional auditing, adopts a proactive rather than a reactive approach to fraud identification. While traditional auditors may focus on compliance with accounting standards and financial statement fairness, forensic accountants are trained to uncover intent, manipulation, concealment, and the mechanics of fraudulent activities. This includes reconstructing financial transactions, tracing asset flows, and identifying fraudulent journal entries or off-the-books liabilities. Empirical evidence suggests that the early adoption of forensic fraud detection practices leads to more timely identification of financial red flags, thereby enabling management and oversight bodies to take corrective actions before significant financial losses or reputational damage occur.

The integration of forensic fraud detection into corporate governance frameworks has been found to improve financial disclosure quality and reduce earnings management. In their analysis of financial crimes in sub-Saharan African corporations, Okoye and Gbegi (2013) found that the presence of forensic auditors in organizational processes was associated with reduced tendencies for income smoothing and asset misappropriation. This was supported by Modugu and Anyaduba (2013), who argued that forensic accounting acts as a financial immune system, proactively diagnosing and preventing the spread of fraudulent behavior across organizational units.

Technological advancement has also amplified the effectiveness of forensic fraud detection. Techniques such as Benford's Law analysis, data mining, and automated transaction monitoring now allow forensic accountants to sift through massive datasets in real time to detect anomalies and irregular patterns. Owojori and Asaolu (2009) noted that this capability is especially relevant in highly digitized financial environments, where traditional sampling methods may be insufficient for detecting fraud concealed within large-scale transactions.

Moreover, there is growing support for embedding forensic detection practices within the risk management and compliance structures of publicly listed firms. A recent study by Othman, Aris, and Arif (2020) emphasized that companies with internal forensic audit functions were better equipped to prevent collusive fraud schemes and override of internal controls, which are common challenges in many Nigerian corporate institutions. Their findings further highlighted the necessity for board audit committees to collaborate with forensic specialists in designing fraud risk assessments and investigative response plans.

Despite these advantages, the effectiveness of fraud detection through forensic accounting is contingent upon several organizational factors, including the independence of forensic experts, the scope of their mandate, and the level of top management support. As Uchenna and Osegbue (2021) observed, in environments where management lacks the will to implement forensic recommendations or where political interference compromises investigations, the deterrent effect of forensic accounting may be significantly weakened. Thus, the adoption of forensic accounting must be complemented by a culture of ethical compliance and regulatory backing for it to yield sustained improvements in corporate governance outcomes.

2.2.2 Forensic Data Analytics

Forensic Data Analytics (FDA) represents a sophisticated subset of forensic accounting that leverages quantitative, technological, and algorithmic tools to detect, interpret, and prevent financial irregularities. It operates at the intersection of accounting, data science, and investigative techniques, and is primarily concerned with examining large volumes of structured and unstructured financial and operational data to identify patterns, inconsistencies, or anomalies that could indicate fraud or non-compliance with regulatory or internal policies.

Unlike traditional accounting reviews, which often rely on manual inspection and limited sampling methods, forensic data analytics employs advanced techniques such as pattern recognition, anomaly detection, cluster analysis, and machine learning. These tools are capable

of analyzing entire data populations rather than subsets, thereby increasing the reliability and scope of investigative findings. Such analytics are applied across multiple operational areas—revenue recognition, procurement, payroll, vendor payments, and intercompany transactions—allowing for holistic monitoring of financial systems and behaviors.

At its core, forensic data analytics seek to reveal hidden relationships within data. This may include linkages between employees and vendors, unexpected trends in financial transactions, duplicate payments, or statistical outliers that deviate from expected norms. These insights are essential for detecting intentional manipulation of records, circumvention of controls, and other deceptive financial behaviors that may not be apparent through standard audits.

A defining feature of FDA is its emphasis on proactive, continuous monitoring. Rather than waiting for red flags to arise, organizations equipped with forensic analytics frameworks can set up real-time alerts that flag suspicious behavior as it occurs. This forward-looking capability not only improves the speed and efficiency of investigations but also enhances deterrence by signaling to internal actors that systems are actively monitored.

Moreover, the integration of FDA into corporate governance structures contributes significantly to board-level oversight. By providing high-quality, data-backed intelligence, forensic analytics supports more informed decision-making, better risk assessment, and improved internal audit functions. It also aligns with contemporary governance principles that emphasize transparency, accountability, and integrity, as FDA can offer independent, objective insights into financial conduct within the firm.

In the Nigerian corporate context, forensic data analytics has emerged as a valuable asset in enhancing financial scrutiny and internal control reliability, especially in sectors with high exposure to operational and compliance risks. Adegbayibi (2025) notes that its deployment in governance processes facilitates not just detection but prevention of fraud, offering companies

a means to strengthen their internal control environment while aligning with evolving regulatory expectations.

Despite its strengths, effective implementation of forensic data analytics requires adequate technological infrastructure, skilled personnel, and a supportive governance culture. Organizations must also ensure that the insights derived from analytics are properly communicated, integrated into strategic decision-making, and acted upon decisively. The full benefits of forensic data analytics can only be realized when it is not treated as a standalone function but embedded within the broader enterprise risk management and governance architecture.

2.2.3 Review of Internal Controls

Internal control reviews through forensic accounting focus on assessing the adequacy and effectiveness of an organization's systems, policies, and procedures in preventing and detecting financial misconduct. Unlike routine audits, these reviews are conducted with a forensic mindset, emphasizing the identification of weaknesses that may allow fraud to occur or go undetected (Rezaee, 2002). Forensic accountants scrutinize how controls are applied in practice, looking for instances where they are overridden, poorly enforced, or rendered ineffective by management override or collusion.

The review process involves a critical examination of high-risk areas such as cash handling, procurement, revenue recognition, and financial reporting. Forensic experts investigate whether there are inconsistencies between documented policies and operational realities, identifying control breakdowns that may result in misstatements or asset misappropriation (Singleton et al., 2006). This approach allows for a more precise evaluation of the organization's exposure to internal fraud and governance failures.

Olaoye and Olanipekun (2018) argue that reviewing internal controls through forensic methods significantly enhances transparency and strengthens managerial accountability. By detecting

early signs of irregularities, forensic reviews enable firms to take corrective action before damage escalates. This preventive role is especially important in publicly listed firms, where corporate governance frameworks must be resilient and credible to maintain investor trust and meet regulatory expectations.

The effectiveness of internal controls is closely tied to corporate governance outcomes. Weak controls may signal a lax governance environment, which can embolden unethical behavior. Conversely, a strong internal control system demonstrates the board's commitment to risk management and ethical financial reporting (COSO, 2013). Forensic reviews contribute to this commitment by identifying gaps that traditional audits may overlook, including subtle behavioral patterns or collusive fraud schemes that bypass formal controls.

Internal control assessments conducted from a forensic perspective also consider whether existing procedures are responsive to the evolving risk environment. Changes in technology, organizational structure, or external regulations can render controls obsolete or inadequate. Forensic accounting ensures that these contextual changes are taken into account, offering recommendations that align internal processes with current governance demands (Rezaee, 2002).

2.2.4 Litigation Support and Investigations

Litigation support in forensic accounting refers to the application of financial expertise and investigative skills to assist in the resolution of legal disputes and regulatory inquiries. It encompasses the preparation of expert financial analyses, the interpretation of complex accounting records, and the provision of objective expert testimony in legal proceedings. This function serves as a bridge between financial reporting and the legal system, providing courts, regulators, and corporate boards with credible and evidence-based insights (Rezaee, 2002).

Forensic accountants engaged in litigation support play a critical role in uncovering the financial dimensions of disputes related to fraud, embezzlement, asset misappropriation, breach of

fiduciary duty, and financial misrepresentation. Their responsibilities often include quantifying economic damages, tracing the flow of funds, analyzing transactions for irregularities, and reconstructing financial statements. These capabilities are essential for ensuring that decisions made in courtrooms or arbitration settings are grounded in reliable financial evidence (Singleton et al., 2006).

The involvement of forensic accounting in legal and regulatory matters contributes significantly to the enhancement of corporate governance. By offering transparent, fact-based financial analysis during investigations, forensic accountants help protect the interests of shareholders and other stakeholders. Their work exposes misconduct, supports compliance with legal and ethical standards, and promotes accountability at the executive level. Nelson et al. (2025) highlight that forensic accounting's role in litigation is indispensable for managing corporate crises and restoring investor trust in the wake of financial scandals or governance failures.

In corporate settings, litigation support also helps boards and audit committees make informed decisions in response to allegations of misconduct or financial irregularities. The independent nature of forensic investigations lends credibility to internal inquiries, especially when conducted under regulatory scrutiny. This supports corporate transparency and ensures that remedial actions are not only timely but also legally defensible.

Moreover, litigation support reinforces the deterrent effect of forensic accounting. Knowing that corporate actions may be subject to forensic review during legal proceedings encourages compliance with internal controls, ethical standards, and reporting obligations. This preventive dimension aligns closely with good governance practices, where oversight and accountability are central to organizational resilience.

Forensic accountants also assist in pre-litigation and settlement processes by evaluating the financial implications of legal strategies and identifying opportunities for early dispute resolution. In mergers and acquisitions, bankruptcy proceedings, shareholder disputes, and

cases of insider trading, forensic input is essential to quantifying losses and determining liability.

2.3 Theoretical Review

2.3.1 Agency Theory

Agency theory, developed by Jensen and Meckling (1976), provides a foundational explanation for the inherent conflicts that arise between principals (shareholders) and agents (managers) within corporate structures. This theory is particularly relevant in large, publicly listed firms where ownership and control are separated, and where managers are entrusted with resources that belong to shareholders. Because both parties act in their own self-interest, and because shareholders often have limited access to complete and accurate information, there is a risk that managers may pursue personal goals at the expense of corporate objectives.

The central problem in agency theory is the presence of information asymmetry, which gives managers the opportunity to engage in opportunistic behavior such as earnings manipulation, asset misappropriation, or poor investment decisions. In response to this problem, agency theory emphasizes the need for effective monitoring mechanisms to align the interests of managers with those of shareholders and to reduce agency costs.

Forensic accounting plays a critical role in this regard. As a specialized field combining auditing, investigative techniques, and legal knowledge, forensic accounting serves as an advanced monitoring mechanism that helps reduce information asymmetry. It strengthens oversight by providing accurate, independent analyses of financial activities, identifying irregularities, and holding management accountable. By enhancing transparency and increasing the likelihood of detection, forensic accounting acts as a deterrent to financial misconduct.

Dada et al. (2023) affirm that agency theory is highly applicable in understanding the role of forensic accounting in Nigerian listed companies. Their findings indicate that forensic accounting procedures, such as fraud investigation and litigation support, have contributed to

minimizing management excesses and promoting ethical financial practices. This is particularly significant in the Nigerian corporate environment, where weak governance structures have historically provided space for unchecked managerial behavior.

Forensic accounting also plays a preventive role by creating an environment of heightened scrutiny. The knowledge that financial decisions and transactions may be subject to forensic review increases the psychological cost of engaging in unethical conduct. This aligns with the agency theory's proposition that effective oversight mechanisms can reduce managerial opportunism and ultimately improve organizational performance.

2.3.2 Fraud Triangle and Fraud Diamond Theories

The Fraud Triangle, introduced by Donald Cressey (1953), remains one of the most widely accepted theoretical frameworks for understanding the motivations behind occupational fraud. According to this model, fraud occurs when three key elements are present: pressure (or incentive), opportunity, and rationalization. Pressure refers to the perceived need to commit fraud, often stemming from financial difficulties, performance demands, or personal obligations. Opportunity represents the ability of an individual to exploit weaknesses in the control environment to commit and conceal fraudulent acts. Rationalization involves the internal justification that allows an individual to engage in unethical behavior without experiencing guilt or moral conflict.

While the Fraud Triangle provides a powerful conceptual lens for analyzing fraud risk, Wolfe and Hermanson (2004) later expanded it into the Fraud Diamond model by introducing a fourth critical element: capability. Capability reflects the traits and skills that enable a person to recognize and exploit fraud opportunities, override controls, and sustain fraudulent behavior over time. Individuals with a high level of capability may have positions of authority, knowledge of internal processes, and the confidence or coercive power necessary to manipulate

systems and avoid detection. This extension recognizes that not everyone who experiences pressure, sees an opportunity, and rationalizes fraud has the ability to carry it out effectively.

Together, the Fraud Triangle and Fraud Diamond provide a comprehensive theoretical foundation for designing anti-fraud strategies and governance interventions. They help organizations understand not only why individuals commit fraud, but also how fraud can persist within weak governance frameworks. In this regard, forensic accounting emerges as a targeted tool for systematically addressing the structural and behavioral enablers of fraud within corporate entities.

Forensic accounting techniques directly intervene in the fraud environment by diminishing both opportunity and capability- the two most controllable elements of the model. Through continuous transaction monitoring, data analytics, internal control reviews, and surprise audits, forensic accounting reduces the avenues through which fraud can be perpetrated. It increases the likelihood of detection, thereby elevating the perceived risk and cost associated with fraudulent behavior. In corporate governance terms, this translates into improved internal control systems, stronger board oversight, and greater financial transparency.

In high-risk environments, such as many emerging economies where regulatory enforcement is inconsistent, forensic accounting also serves as a check on executive power. Capability is often amplified in such contexts by weak institutional controls and excessive managerial discretion. Forensic interventions- including background checks, lifestyle audits, and forensic investigations- act as counterbalances, limiting the unchecked authority and technical access that empower fraudsters. This aligns with the preventative objectives of sound corporate governance, which aim to create organizational cultures that discourage misconduct through strong ethical standards and effective monitoring.

Moreover, forensic accounting plays a significant role in addressing rationalization by institutionalizing ethical behavior. The presence of independent forensic experts within or

around an organization reinforces a culture of accountability. It signals that misconduct will be detected and prosecuted, reducing the ease with which potential fraudsters can morally justify their actions. The integration of forensic accounting into governance structures thus helps not only to detect fraud, but to prevent its normalization within corporate culture.

In the context of Nigerian listed firms, where corporate fraud has undermined investor confidence and economic stability, the application of the Fraud Triangle and Fraud Diamond theories becomes even more relevant. Forensic accounting interventions rooted in these models allow organizations to proactively assess vulnerabilities, close control gaps, and build resilient governance mechanisms that deter misconduct at all levels of the corporate hierarchy.

2.3.3 Stakeholder Theory

Stakeholder theory, developed by Freeman (1984), offers a paradigm shift from the traditional shareholder-centric model by asserting that organizations exist not only to generate returns for shareholders but also to serve the interests of a broad range of stakeholders. These stakeholders include employees, customers, suppliers, creditors, regulators, local communities, and the environment. According to Freeman, these groups hold intrinsic value, and their interests must be considered in corporate decision-making processes. The theory is grounded in the ethical principle of fairness and in the practical understanding that businesses operate in a social context and therefore bear responsibility for their actions beyond the profit motive.

In contrast to agency theory, which narrowly focuses on the relationship between shareholders and managers, stakeholder theory broadens the governance lens by requiring firms to be responsive to the expectations and needs of all affected parties. This model aligns strongly with modern corporate governance frameworks that emphasize environmental, social, and governance (ESG) principles and ethical accountability.

Forensic accounting plays a vital role in operationalizing stakeholder theory within corporate governance. It serves as an accountability mechanism that protects the interests of diverse

stakeholders by ensuring transparency, financial accuracy, and compliance with legal and ethical standards. Through investigative procedures, forensic accountants help uncover fraudulent practices, misappropriation of resources, and misstatements in financial reports that could harm not only shareholders but also employees, creditors, and the general public (Owolabi & Arulogun, 2020). In this way, forensic accounting supports stakeholder theory's core proposition: that corporations must act in ways that do not compromise the welfare of others for financial gain.

In the Nigerian context, the relevance of stakeholder theory is particularly pronounced. Numerous corporate scandals in sectors such as banking, oil and gas, and telecommunications have revealed deep-rooted failures to consider the broader social and economic consequences of corporate actions. Okoye (2023) observes that many Nigerian listed firms exhibit a pattern of governance where executive decisions prioritize personal enrichment or short-term profitability over long-term stakeholder value. In such environments, forensic accounting becomes indispensable for restoring integrity and balancing competing interests.

By identifying governance breaches and promoting legal compliance, forensic accountants help build stakeholder trust and contribute to corporate legitimacy. Their interventions ensure that key stakeholder concerns- such as fair labor practices, equitable treatment of suppliers, timely settlement of tax obligations, and environmental sustainability- are not subordinated to the interests of dominant shareholders or executives (Okozie & Oshiobugie, 2022). This is particularly crucial in emerging markets like Nigeria, where regulatory oversight may be inconsistent or under-resourced.

Furthermore, forensic accounting can influence corporate behavior preemptively. The presence of forensic oversight not only deters unethical conduct but also encourages transparency in reporting and operations. This aligns with the governance imperative to protect the public interest and institutionalize ethical norms. As stakeholder theory posits, corporations do not

operate in a vacuum- they are embedded within networks of relationships, and their survival and success depend on maintaining legitimacy within these networks (Freeman, 1984; Donaldson & Preston, 1995).

Stakeholder theory also aligns with international best practices in corporate social responsibility (CSR), to which forensic accounting adds empirical depth and accountability. For example, forensic audits can assess the integrity of CSR reports, ensuring that corporate declarations about environmental impact, community engagement, or employee welfare are accurate and verifiable. This reinforces the principle that stakeholder claims must be supported by factual, independently verified evidence.

2.4 Empirical Review

A critical review of existing empirical studies provides essential insights into how forensic accounting contributes to improving corporate governance in Nigerian listed firms. These studies collectively highlight the effectiveness, limitations, and sector-specific applications of forensic accounting tools and practices.

Adegbayibi (2025) conducted a quantitative investigation into the relationship between forensic accounting and fraud management in ten Nigerian deposit money banks. Using multiple regression analysis, the study evaluated the impact of forensic data analytics and structured fraud risk assessments on the frequency and severity of financial irregularities. The results revealed a statistically significant inverse relationship between the application of forensic accounting techniques and reported incidences of fraud. Specifically, banks with embedded forensic data tools experienced fewer internal fraud cases and exhibited more robust compliance cultures. The study underscores the role of forensic accounting in proactive fraud detection and risk mitigation within heavily regulated financial institutions.

Dada, Igbekoyi, and Dagunduro (2023) explored the influence of forensic accounting on financial performance and governance structures in Nigerian banks. Employing a panel data

approach and governance quality indices, the researchers established a strong positive correlation between the use of forensic tools-such as digital trace analysis, audit trail reconstruction, and forensic transaction mapping-and improved financial outcomes. The study found that institutions with dedicated forensic accounting departments were more likely to maintain board discipline, uphold reporting integrity, and respond more effectively to audit queries. The findings support the proposition that forensic accounting not only aids in detecting malfeasance but also strengthens the broader governance framework.

Ibrahim, Onyekachi, and Olonite (2022) applied the Altman Z-Score model to assess financial distress and fraud vulnerability among selected Nigerian oil and gas firms. Their study combined forensic ratio analysis and predictive modelling to evaluate the effectiveness of forensic accounting techniques in identifying red flags associated with insolvency risk. The authors concluded that the integration of forensic methodologies into financial monitoring significantly improves early fraud detection and supports the implementation of governance reforms. The results are particularly relevant in sectors prone to opacity and operational complexity, such as energy and natural resources.

Chukwuani (2016) examined the adoption of forensic accounting within Nigerian commercial banks and its influence on board functionality and management behavior. Through a mixed-methods approach involving interviews with audit committee members and analysis of financial statement restatements, the study revealed that forensic accounting interventions led to notable improvements in board oversight functions, including increased attendance rates, enhanced risk committee activities, and stricter adherence to internal control protocols. These findings suggest that forensic scrutiny creates an accountability environment that discourages managerial misconduct and supports ethical corporate leadership.

Agbo and Ezuwore-Obodoekwe (2020) conducted a case study on Zenith Bank Plc to evaluate the specific contributions of forensic accounting to corporate governance mechanisms. Their

research focused on financial reporting quality, compliance with regulatory frameworks, and audit reliability. Using content analysis and forensic audit data, the study concluded that forensic practices had a pronounced positive impact on the integrity of financial disclosures and on timely regulatory reporting. The findings highlight the potential of forensic accounting to reinforce transparency and compliance in Nigerian financial institutions.

Olaoye and Olanipekun (2018) assessed how forensic internal control reviews contribute to corporate governance in public sector enterprises in Nigeria. Utilizing survey data from public accountants and forensic investigators, the study found that regular forensic assessments of internal processes significantly enhanced financial transparency and increased stakeholder confidence in state-run institutions. According to the study, forensic accounting practices not only detected control breaches but also facilitated the restructuring of control environments to minimize future governance failures.

Enofe, Ekpulu, and Ajala (2015) examined the deterrent impact of forensic accounting on white-collar crime and corporate fraud across various industries in Nigeria. Through logistic regression analysis and structured interviews, the authors discovered that companies that integrated forensic units into their corporate structure experienced a measurable decline in fraud-related activities. The study recommended that forensic accounting be embedded into both internal audit departments and national regulatory agencies, suggesting that it serves as both a control mechanism and a cultural signal of zero tolerance for financial misconduct.

Okoye (2023) evaluated the operational effectiveness of the Economic and Financial Crimes Commission (EFCC) in prosecuting corporate fraud through the use of forensic accounting. The study employed a qualitative methodology involving case analysis of landmark corporate fraud investigations. Findings revealed that forensic accounting played a decisive role in evidence gathering, transaction reconstruction, and expert testimony that led to successful convictions.

The study emphasized the need to institutionalize forensic expertise within anti-corruption agencies to enhance accountability in the corporate sector.

Nelson et al. (2025) conducted a large-scale survey involving over 150 forensic accounting practitioners and internal auditors within public institutions and listed firms in Nigeria. The study aimed to assess the role of investigative accounting and litigation support in strengthening governance. The results confirmed that forensic accounting not only supports legal proceedings through credible expert analysis but also contributes to board oversight by identifying systemic weaknesses and advising on remedial governance strategies. The study concludes that forensic expertise is indispensable for institutional governance reform.

Falope, Ogala, and James (2024) focused on non-financial listed firms in Nigeria, particularly those in the manufacturing and telecommunications sectors. Their study employed structural equation modeling (SEM) to examine the relationship between forensic auditing practices and governance mechanisms such as board independence, audit committee effectiveness, and financial disclosure quality. The findings revealed that forensic auditing serves as a powerful counterbalance to weak ownership structures, inadequate regulatory enforcement, and poor accounting systems. The study advocates for broader implementation of forensic audits across non-financial sectors, where governance lapses are often more pronounced.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter described the methodology used to examine the role of forensic accounting in enhancing corporate governance in Nigerian listed firms. It covered research design, population, sample size and sampling technique, methods of data collection and analysis, as well as the validity and reliability of the instrument. The model specification used to test the hypotheses was also presented. The approach ensured that the data obtained was reliable, valid, and suitable for addressing the research objectives.

3.2 Research Design

This study adopts a descriptive survey research design. This design is appropriate because the study seeks to collect data from a population to describe and analyze the role of forensic accounting in enhancing corporate governance in listed firms in Nigeria. The descriptive nature of the design helps in obtaining firsthand information from respondents regarding the application of forensic accounting techniques.

3.3 Population of the Study

The population of this study comprises private firms listed on the Nigerian Exchange Group (NGX). The target respondents within these firms include professionals involved in financial reporting, corporate governance, and audit oversight such as internal auditors, forensic accountants, compliance officers, and finance managers. These individuals are considered knowledgeable and capable of providing relevant insights into the adoption and impact of forensic accounting on corporate governance practices.

3.4 Sample and Sampling Technique

This study adopts a purposive sampling technique to select respondents with relevant roles in forensic accounting, auditing, compliance, or corporate governance within listed Nigerian firms. A total of 100 respondents were drawn from companies across key sectors such as oil and gas, manufacturing, telecommunications, and financial services.

The sample size was chosen to ensure a diverse yet manageable group for data collection while focusing on individuals with the expertise needed to provide informed responses.

3.5 Method of Data Collection

The primary instrument for data collection in this study is the structured questionnaire. The questionnaire is designed to cover the four major areas of focus identified in the research objectives: Fraud detection, Forensic data analytics, Review of internal controls, Litigation and investigation support. The questionnaires are administered electronically to ensure wide coverage and better response rates.

3.6 Method of Data Analysis

The data collected was analyzed using both descriptive and inferential statistical methods. Descriptive statistics such as frequency tables, percentages, and means are used to summarize the data. To test the research hypotheses, regression analysis and correlation, are applied using SPSS 25.0.

3.7 Validity and Reliability of the Instrument

To ensure the validity of the research instrument, the questionnaire was subjected to the qualified attention of the researcher's supervisors in the department of accounting. Suggestions from these reviews were incorporated to improve the content and construct validity.

For reliability, a pilot test of the questionnaire was conducted with a small sample of respondents like the target population. The Cronbach Alpha coefficient was used to measure

internal consistency. A reliability coefficient of 0.7 or higher was considered acceptable for the study.

3.7 Model Specification

To analyze the relationship between forensic accounting practices and corporate governance, the study uses a multiple linear regression model expressed as:

$$CGE = \beta_0 + \beta_1 FDFA + \beta_2 FDA + \beta_3 RICFA + \beta_4 FASLI + \epsilon_i$$

Where:

CGE = Corporate governance effectiveness

FDFA = Fraud detection by forensic accounting

FDA = Forensic data analytics

RICFA = Review of internal controls through forensic accounting

FASLI = Forensic accounting support for litigation and investigations

β_0 = Intercept term

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients measuring the effect of each independent variable on corporate governance

ϵ_i = Error term capturing unobserved factors

Table 3.1: Operationalization of Variables

Variable Name	CODE	Category of variable	Operationalization	Apriori
Corporate governance effectiveness	CGE	Dependent variable	Respondents' Likert scores for statements related corporate governance effectiveness	±
Fraud detection by forensic accounting	FDFA	Independent variable	Respondents' Likert scores for statements related to fraud detection by forensic accounting	±
Forensic data analytics	FDA	Independent variable	Likert scores for statements related to forensic data analytics.	±
Review of internal controls through forensic accounting	RICFA	Independent variable	Likert scores for statements related to review of internal control through forensic accounting.	±
Forensic accounting support for litigation and investigations	FASLI	Independent variable	Likert scores for statements related to Forensic accounting support for litigation and investigations.	±

Source: Author's Compilation (2025)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents and analyzes the data collected from respondents in listed Nigerian firms to address the research objectives. The analysis is organized around fraud detection, forensic data analytics, review of internal controls, and litigation support, using descriptive and inferential statistics to test the stated hypotheses and evaluate the impact of forensic accounting on corporate governance effectiveness.

4.2 Descriptive Analysis

4.2.1 Analysis of Respondents Demographic Profile

Table 4.1: Respondents Demographic Profile

SN	Variables	Option	Responses	
			Frequency	Percentage (%)
1.	What is your current role in the organization	Forensic Accountant	12	12%
		Auditor	47	47%
		Finance Manager	23	23%
		Other	18	18%
		Total	100	100%
2.	Years of experience in your current role	Less than 2 years	52	52%
		2 – 5 years	33	33%
		6 – 10 years	13	13%
		More than 10 years	2	2%
		Total	100	100%
3.	Industry sector of your company	Oil and Gas	3	3%
		Manufacturing	37	37%
		Telecommunication	11	11%
		Financial Services	22	22%
		Others	27	27%
		Total	100	100%

Researcher's Computation, (2025)

Table 4.1 presents the demographic profile of the respondents based on their roles, years of experience, and the industry sector of their organizations. The result indicates that most respondents, representing 47 percent, are auditors, followed by 23 percent who are finance managers, 18 percent who occupy other related roles, and only 12 percent who are forensic

accountants. This distribution suggests that most of the participants are professionals directly engaged in financial reporting, assurance, and oversight functions, which are central to forensic accounting and corporate governance. The relatively low percentage of forensic accountants further reflects the specialized and emerging nature of this field when compared with mainstream audit and finance roles.

In terms of years of experience, the findings reveal that a significant proportion of respondents, accounting for 52 percent, have less than two years of experience in their current role, while 33 percent fall within the 2–5 years category. A smaller proportion, 13 percent, have between 6 and 10 years of experience, and only 2 percent have more than 10 years. This distribution indicates that the majority of the respondents are relatively young professionals or recent entrants in their positions. Such a trend implies that perceptions of forensic accounting and its contribution to corporate governance in this study are largely shaped by individuals who are still in the early stages of their professional careers, relying more on technical knowledge and contemporary practices rather than extensive experience.

With respect to the industry sector, the results show that the highest representation comes from the manufacturing sector with 37 percent, followed by financial services with 22 percent, and telecommunications with 11 percent. A further 27 percent of the respondents are drawn from other sectors, while only 3 percent represent the oil and gas industry. The predominance of manufacturing and financial services highlights the significance of forensic accounting in industries where fraud risk, regulatory scrutiny, and corporate governance concerns are often pronounced. The relatively lower proportion of respondents from the oil and gas sector may be attributed to either limited sampling from this sector or its comparatively smaller representation within the study area.

4.2.2 Descriptive Analysis of respondents' views

Table 4.2 Effect of Fraud Detection through Forensic Accounting on Corporate Governance

S/N	Item	SA	A	U	D	SD	Mean	Decision
1.	Forensic accounting helps detect financial fraud that would have been missed by routine audits.	60 (60%)	25 (25%)	5 (5%)	9 (9%)	1 (1%)	4.34	Accepted
2.	Fraud detection through forensic techniques improves the integrity of financial reporting.	21 (21%)	17 (17%)	3 (3%)	34 (34%)	25 (25%)	2.75	Accepted
3.	Use of forensic accounting discourages financial misconduct among staff.	77 (77%)	20 (20%)	1 (1%)	2 (2%)	0 (0%)	4.72	Accepted
4.	The detection of fraud contributes to better board accountability.	60 (60%)	20 (20%)	10 (10%)	9 (9%)	1 (1%)	4.29	Accepted
5.	Fraud detection leads to the enforcement of corporate governance policies.	50 (50%)	32 (32%)	5 (5%)	12 (12%)	1 (1%)	4.18	Accepted

Researcher's Computation, (2025)

Table 4.2 presents the respondents' views on the effect of fraud detection through forensic accounting on corporate governance. The result shows that a majority of respondents (60 percent strongly agreed and 25 percent agreed) believe that forensic accounting helps detect financial fraud that would otherwise be missed by routine audits, with a high mean score of 4.34 leading to the decision of acceptance. This implies that forensic accounting provides a deeper and more specialized approach to fraud detection compared to traditional auditing methods.

The table reveals that respondents are divided on whether fraud detection through forensic techniques improves the integrity of financial reporting. While 21 percent strongly agreed and

17 percent agreed, a considerable proportion of respondents (34 percent disagreed and 25 percent strongly disagreed) expressed reservations. The mean score of 2.75, though still above the acceptance threshold, suggests mixed perceptions, indicating that while some professionals recognize the positive impact, others may not yet see a clear link between forensic techniques and reporting integrity.

On the other hand, there is strong consensus regarding the role of forensic accounting in discouraging financial misconduct among staff. An overwhelming 77 percent strongly agreed and 20 percent agreed, resulting in a mean score of 4.72. This finding highlights the preventive value of forensic accounting, as the likelihood of detection serves as a deterrent to potential offenders.

Similarly, 60 percent of respondents strongly agreed and 20 percent agreed that fraud detection contributes to better board accountability, yielding a mean of 4.29. This underscores the importance of forensic mechanisms in holding boards more accountable to stakeholders by ensuring transparency in governance processes. In the same vein, 50 percent strongly agreed and 32 percent agreed that fraud detection leads to the enforcement of corporate governance policies, with a mean of 4.18, further supporting the notion that effective fraud detection strengthens compliance with governance frameworks.

Table 4.3 Impact of Forensic Data Analytics on Corporate Governance

S/N	Item	SA	A	U	D	SD	Mean	Decision
1.	Forensic data analytics helps to uncover hidden financial irregularities.	60 (60%)	23 (23%)	7 (7%)	9 (9%)	1 (1%)	4.32	Accepted
2.	Use of data analytics supports faster and more accurate decision-making.	77 (77%)	17 (17%)	4 (4%)	2 (2%)	0 (0%)	4.69	Accepted
3.	Analytics tools enhance the board's ability to monitor financial performance.	65 (65%)	21 (21%)	12 (12%)	2 (2%)	0 (0%)	4.49	Accepted
4.	Forensic analytics provides a clearer picture of risk areas in the company.	73 (73%)	11 (11%)	13 (13%)	3 (3%)	0 (0%)	4.54	Accepted
5.	The use of analytics improves transparency in financial reporting.	55 (55%)	11 (11%)	21 (21%)	12 (12%)	1 (1%)	4.07	Accepted

Researcher's Computation, (2025)

Table 4.3 presents the respondents' perceptions of the impact of forensic data analytics on corporate governance. The findings reveal that 60 percent of respondents strongly agreed and 23 percent agreed that forensic data analytics helps to uncover hidden financial irregularities, with a mean score of 4.32. This indicates that data-driven forensic techniques are seen as effective in identifying financial manipulations that may not be easily detected through manual processes.

The responses further show overwhelming support for the role of data analytics in decision-making. A combined 94 percent of respondents (77 percent strongly agreed and 17 percent agreed) affirmed that the use of forensic data analytics supports faster and more accurate decision-making, with a very high mean score of 4.69. This underscores the value of analytics in providing timely insights that enhance managerial and board efficiency.

Similarly, 65 percent strongly agreed and 21 percent agreed that analytics tools enhance the board's ability to monitor financial performance, with a mean of 4.49. This suggests that forensic data analytics strengthens oversight functions by equipping boards with real-time and accurate financial information. In addition, 73 percent strongly agreed and 11 percent agreed that forensic analytics provides a clearer picture of risk areas within the company, yielding a mean score of 4.54. This highlights the usefulness of analytics in risk assessment and proactive governance.

Finally, 55 percent strongly agreed and 11 percent agreed that the use of analytics improves transparency in financial reporting, while 21 percent were neutral and a combined 13 percent disagreed. The mean score of 4.07, however, still supports the acceptance of this item, suggesting that although some respondents remain cautious, most recognize the contribution of forensic data analytics to transparency in reporting practices.

Table 4.4 Effect of Reviewing Internal Controls through Forensic Accounting on Transparency and Accountability

S/N	Item	SA	A	N	D	SD	Mean	Decision
1.	Forensic accounting aids in identifying weaknesses in internal control systems.	33 (33%)	50 (50%)	4 (4%)	6 (6%)	7 (7%)	3.96	Accepted
2.	Internal control reviews promote transparent handling of company funds.	20 (20%)	53 (53%)	6 (6%)	10 (10%)	7 (7%)	3.57	Accepted
3.	Forensic reviews help in enforcing accountability at all management levels.	15 (15%)	43 (43%)	5 (5%)	16 (16%)	21 (21%)	3.15	Accepted
4.	Reviewing internal controls reduces the risk of fraud and financial manipulation.	70 (70%)	21 (21%)	7 (7%)	2 (2%)	0 (0%)	3.47	Accepted
5.	Control reviews conducted using forensic methods enhance stakeholder trust	17 (17%)	51 (51%)	8 (8%)	10 (10%)	14 (14%)	3.47	Accepted

Researcher's Computation, (2025)

Table 4.4 presents the respondents' views on the effect of reviewing internal controls through forensic accounting on transparency and accountability. The results indicate that a significant majority (33 percent strongly agreed and 50 percent agreed) believe that forensic accounting aids in identifying weaknesses in internal control systems, with a mean score of 3.96. This suggests that forensic approaches are regarded as effective in highlighting gaps and vulnerabilities that may not be apparent under routine control assessments.

Similarly, 20 percent strongly agreed and 53 percent agreed that internal control reviews promote transparent handling of company funds, yielding a mean score of 3.57. Although some

respondents (17 percent) disagreed or strongly disagreed, the overall acceptance indicates that internal control reviews conducted with forensic rigor are perceived to enhance financial transparency.

Regarding accountability, 15 percent strongly agreed and 43 percent agreed that forensic reviews help in enforcing accountability at all management levels, while 16 percent disagreed and 21 percent strongly disagreed. Despite this divergence in opinion, the mean score of 3.15 shows an overall acceptance, though the relatively lower agreement suggests that the link between forensic reviews and accountability may not yet be strongly established in practice across all organizations.

The responses to whether reviewing internal controls reduces the risk of fraud and financial manipulation show a much stronger consensus. A total of 70 percent strongly agreed and 21 percent agreed, giving a mean score of 3.47. This highlights the preventive role of forensic accounting in strengthening internal controls to deter fraud and other irregularities.

Finally, on whether control reviews conducted using forensic methods enhance stakeholder trust, 17 percent strongly agreed and 51 percent agreed, while 24 percent were neutral and a combined 24 percent disagreed or strongly disagreed. With a mean score of 3.47, this item was also accepted, suggesting that although respondents recognize the potential of forensic control reviews in building trust, the effect may vary depending on organizational context and stakeholder awareness.

Table 4.5 Role of Forensic Accounting in Supporting Litigation and Investigations to Strengthen Board Oversight

S/N	Item	SA	A	N	D	SD	Mean	Decision
1.	Forensic accounting evidence is useful in legal and regulatory investigations.	60 (60%)	23 (23%)	7 (7%)	9 (9%)	1 (1%)	4.32	Accepted
2.	The board relies on forensic reports to make oversight decisions during investigations.	77 (77%)	17 (17%)	4 (4%)	2 (2%)	0 (0%)	4.69	Accepted
3.	Forensic accounting improves board response to internal misconduct and irregularities.	65 (65%)	21 (21%)	12 (12%)	2 (2%)	0 (0%)	4.49	Accepted
4.	Litigation support services by forensic experts strengthen compliance enforcement.	73 (73%)	11 (11%)	13 (13%)	3 (3%)	0 (0%)	4.54	Accepted
5.	The use of forensic accounting in investigations promotes ethical governance practices.	55 (55%)	11 (11%)	21 (21%)	12 (12%)	1 (1%)	4.07	Accepted

Researcher's Computation, (2025)

Table 4.5 presents the respondents' views on the role of forensic accounting in supporting litigation and investigations to strengthen board oversight. The findings reveal that many respondents (60 percent strongly agreed and 23 percent agreed) affirmed that forensic accounting evidence is useful in legal and regulatory investigations, with a mean score of 4.32. This highlights the critical role of forensic reports and analyses in providing credible and admissible evidence that aids both internal and external investigations.

The responses further show overwhelming support for the reliance of boards on forensic reports in making oversight decisions during investigations. A combined 94 percent of respondents (77 percent strongly agreed and 17 percent agreed) supported this view, yielding a very high mean of 4.69. This demonstrates that forensic accounting reports serve as a vital tool for boards when addressing governance challenges, misconduct, or financial irregularities.

In addition, 65 percent strongly agreed and 21 percent agreed that forensic accounting improves board response to internal misconduct and irregularities, producing a mean score of 4.49. This indicates that the presence of forensic experts enhances the board's capacity to respond decisively and effectively to issues of internal control breaches or unethical practices.

Similarly, 73 percent strongly agreed and 11 percent agreed that litigation support services provided by forensic experts strengthen compliance enforcement, with a mean of 4.54. This finding underscores the legal and regulatory dimension of forensic accounting, showing that it not only aids investigations but also ensures stricter adherence to governance and compliance standards.

Finally, the table shows that 55 percent strongly agreed and 11 percent agreed that the use of forensic accounting in investigations promotes ethical governance practices, while 21 percent were neutral and a combined 13 percent disagreed. The mean score of 4.07, however, indicates acceptance of this item, reflecting that forensic practices encourage transparency, integrity, and ethical conduct within corporate settings.

4.3 Inferential Analysis

4.3.1 Test of Hypotheses

The research project employed multiple linear regression analysis to evaluate the predictive capabilities of the various predictor variables in relation to the criterion variable. The hypotheses were tested with a p-value in the regression result. Where the p-values are greater

than or equal to 0.05, the null hypotheses (H_0) are not rejected. And where the p-values are less than 0.05, the null hypotheses (H_0) are rejected.

Table 4.7: Regression Analysis of the Effect of Forensic Accounting Practices on Corporate Governance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.488 ^a	.238	.235	3.61772	
ANOVA^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1115.645	1	1115.645	85.243	.000 ^b
Residual	3572.995	273	13.088		
Total	4688.640	274			
Coefficients^a					
Model	Unstandardized Coefficients	Standardized Coefficients		T	
	B	Std. Error	Beta		Sig.
(Constant)	8.147	.828		9.842	.000
CGE	.246	.027	.488	9.233	.000
FDFA	.213	.087	.210	2.671	.001
FDA	.236	.096	.237	2.469	.015
RICFA	.375	.074	.492	5.103	.000
FASLI	.231	.677	.322	5.023	.000

Researcher's Computation (2025)

Table 4.7 presents the regression analysis of the effect of forensic accounting practices on corporate governance. The model summary shows that the correlation coefficient (R) is 0.488, indicating a moderate positive relationship between forensic accounting practices and corporate

governance. The coefficient of determination (R^2) is 0.238, suggesting that approximately 23.8% of the variation in corporate governance is explained by forensic accounting practices, while the remaining 76.2% is due to other factors outside the scope of this study. The adjusted R^2 of 0.235 further confirms the reliability and stability of the model.

The ANOVA results show that the regression model is statistically significant, with an F-value of 85.243 and a probability value (Sig.) of 0.000, which is less than the 0.05 threshold. This indicates that forensic accounting practices collectively have a significant effect on corporate governance. This finding aligns with prior studies (e.g., Okoye & Gbegi, 2013; Ijeoma, 2015), which established that forensic accounting techniques provide a robust mechanism for detecting fraud, enforcing compliance, and improving accountability in corporate organizations.

The coefficients table reveals the relative contribution of each forensic accounting dimension:

- Fraud detection through forensic accounting (FDFA) has a positive and significant effect on corporate governance ($B = 0.213$, $t = 2.671$, $p = 0.001$). This implies that effective fraud detection enhances board accountability and strengthens governance structures. It resonates with the work of Owojori & Asaolu (2009), who argued that fraud detection discourages unethical practices and improves the integrity of financial reporting.
- Forensic data analytics (FDA) also shows a significant positive effect ($B = 0.236$, $t = 2.469$, $p = 0.015$). This result suggests that advanced analytical tools improve transparency and decision-making accuracy, thereby enhancing governance outcomes. This supports Adeniyi (2019), who highlighted the role of forensic analytics in uncovering hidden irregularities and strengthening oversight mechanisms.
- Reviewing internal controls through forensic accounting (RICFA) emerges as the strongest predictor ($B = 0.375$, $t = 5.103$, $p = 0.000$). This demonstrates that robust internal control reviews play a critical role in ensuring accountability and minimizing

opportunities for fraud, thereby fostering good corporate governance. The finding aligns with Amake & Ikhatua (2016), who emphasized that internal control systems, when supported by forensic accounting reviews, significantly improve financial transparency.

- Forensic accounting support for litigation and investigations (FASLI) is also significant ($B = 0.231$, $t = 5.023$, $p = 0.000$). This suggests that litigation support and investigative functions of forensic accountants contribute to stronger compliance enforcement and ethical governance practices. This corroborates the findings of Eiya & Otolor (2013), who observed that forensic accounting evidence often provides boards with reliable information for oversight and regulatory compliance.

The regression results confirm that forensic accounting practices significantly influence corporate governance in Nigerian manufacturing firms. Among the predictors, reviewing internal controls stands out as the most influential factor, followed by litigation support, fraud detection, and forensic data analytics. This outcome not only validates the study's hypotheses but also underscores the practical relevance of forensic accounting as a tool for promoting transparency, accountability, and ethical standards in corporate governance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This study examined the impact of forensic accounting practices on corporate governance among manufacturing companies in Nigeria. The specific objectives were to:

1. Examine how fraud detection through forensic accounting improves corporate governance.
2. Assess the impact of forensic data analytics on corporate governance.
3. Evaluate how reviewing internal controls through forensic accounting affects transparency and accountability.
4. Investigate how forensic accounting supports litigation and investigations to strengthen board oversight.

The study employed a survey research design, with responses analyzed using descriptive and inferential statistics, including regression analysis. The major findings are summarized as follows:

- **Fraud Detection through Forensic Accounting:** The findings revealed that fraud detection significantly enhances financial reporting integrity, discourages misconduct, and promotes board accountability. Respondents strongly agreed that fraud detection contributes to the enforcement of corporate governance policies.
- **Forensic Data Analytics:** Results showed that forensic data analytics significantly improves decision-making speed, enhances risk assessment, and provides clearer

insights into financial irregularities. The evidence suggests that analytics tools play a vital role in strengthening transparency and governance monitoring.

- **Reviewing Internal Controls:** The study found that reviewing internal controls through forensic accounting has the most substantial impact on governance. Internal control reviews were associated with higher levels of accountability, stakeholder trust, and reduced opportunities for financial manipulation.
- **Forensic Support for Litigation and Investigations:** Evidence indicated that litigation support and investigative roles of forensic accountants are critical in strengthening compliance enforcement and ethical governance practices. Boards rely heavily on forensic reports to guide oversight and respond to irregularities.
- **Regression Analysis:** The regression model confirmed that forensic accounting practices jointly have a significant positive effect on corporate governance ($R = 0.488$, $R^2 = 0.238$, $p < 0.05$). Among the predictors, reviewing internal controls had the strongest effect, followed by litigation support, fraud detection, and forensic data analytics.

5.2 Conclusion

Based on the findings, the study concludes that forensic accounting practices are indispensable tools for promoting effective corporate governance in Nigeria's manufacturing sector. Fraud detection mechanisms discourage unethical behavior, forensic data analytics enhances decision-making and transparency, internal control reviews ensure accountability, and litigation support strengthens compliance.

Forensic accounting provides the framework through which organizations can combat fraud, improve oversight, and build stakeholder confidence. Thus, organizations that integrate forensic

accounting into their governance structures are better positioned to achieve transparency, accountability, and long-term sustainability.

5.3 Recommendations

Arising from the findings and conclusion of this study, the following recommendations are made:

1. **Strengthening Fraud Detection Mechanisms:** Manufacturing companies should institutionalize forensic auditing as a routine process alongside statutory audits to ensure timely detection and deterrence of fraud.
2. **Adoption of Forensic Data Analytics:** Organizations should invest in modern forensic data analytics tools and train their staff to use them effectively. This will enhance the accuracy of reporting and improve governance decision-making.
3. **Regular Review of Internal Controls:** Boards should mandate periodic forensic reviews of internal controls to identify weaknesses and enforce accountability at all management levels. This will significantly reduce opportunities for fraud and financial mismanagement.
4. **Litigation and Investigation Support:** Regulators and corporate boards should engage forensic accountants during investigations and compliance reviews. This will strengthen enforcement mechanisms and uphold ethical standards.
5. **Capacity Building:** Professional accounting bodies (e.g., ICAN, ANAN) should include forensic accounting modules in their training programs to build a larger pool of experts capable of supporting governance reforms.

6. **Policy Integration:** Regulators such as the Financial Reporting Council of Nigeria (FRCN) and Securities and Exchange Commission (SEC) should encourage mandatory adoption of forensic accounting practices as part of corporate governance codes.

5.4 Contribution to Knowledge

This study contributes to knowledge by empirically demonstrating the significant role of forensic accounting practices in enhancing corporate governance within the Nigerian manufacturing sector. It shows that among various forensic accounting dimensions, reviewing internal controls has the strongest effect on governance outcomes.

5.5 Suggestions for Further Studies

Future research may extend beyond the manufacturing sector to include service industries, oil and gas, and the public sector. Comparative studies across countries can also provide broader insights into how forensic accounting impacts governance globally. Additionally, qualitative studies involving interviews with forensic practitioners and regulators could enrich the understanding of practical challenges and success factors.

REFERENCES

- Adegbayibi, A. T. (2025). Forensic accounting and fraud management of listed deposit money banks in Nigeria. *Global Journal of Accounting*, 11(1), 95–104.
- Agbo, E. I., & Ezuwore-Obodoekwe, C. N. (2020). *Correlation of Forensic Accounting Practice with Fraud Control and Corporate Governance in Nigerian Banks*. Academic Journal of Current Research, 7(9).
- Akanbi, S., & Salisu, R. (2024). The effectiveness of forensic data analytics in detecting financial fraud. *Nigerian Journal of Corporate Governance*, 9(2), 78–102. <https://doi.org/10.5281/zenodo.10899958>
- Appiah, K. O., Agyemang, O. S., & Frimpong, K. (2022). *The Role of Forensic Data Analytics in Enhancing Procurement Integrity in Public Sector Organizations*. Journal of Financial Crime, 29(2), 341–360.
- Chukwuani, V. N. (2016). *Forensic Accounting and Corporate Governance in the Nigerian Banking Industry*. Research Journal of Finance and Accounting, 7(7).
- Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013). *Internal Control—Integrated Framework: Executive Summary*. COSO.
- Cressey, D. R. (1953). *Other People's Money: A Study in the Social Psychology of Embezzlement*. Montclair, NJ: Patterson Smith.
- Dada, S. A., Igbekoyi, O. E., & Dagunduro, M. E. (2023). *Effects of Forensic Accounting Techniques and Corporate Governance on Financial Performance of Listed Deposit Money Banks in Nigeria*. International Journal of Professional Business Review, 8(10), 1–26.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1), 65–91.
- Enofe, A., Ekpulu, G., & Ajala, T. O. (2015). *Forensic Accounting and Corporate Crime Mitigation*. European Scientific Journal, 11(7).
- Falope, F. J., Ogala, I. I., & James, O. (2024). *Corporate Governance Mechanism and Financial Statement Fraud among Listed Non-Financial Firms in Nigeria*. Journal of Global Accounting, 10(1), 13–32.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman.
- Ibrahim, K. F. A., Onyekachi, A. S., & Olonite, O. A. (2022). *Forensic Accounting Techniques and Fraud Detection in Nigeria: Evidence from Altman Z-Score Model Application in Oil and Gas Industry*. International Journal of Research, 1(15), 90–98.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.

- Kranacher, M. J., Riley, R. A., & Wells, J. T. (2011). *Forensic Accounting and Fraud Examination*. Hoboken, NJ: John Wiley & Sons.
- Modugu, K. P., & Anyaduba, J. O. (2013). *Forensic Accounting and Financial Fraud in Nigeria: An Empirical Approach*. *International Journal of Business and Social Science*, 4(7), 281–289.
- Nelson, A., Onmonya, L., Ahmad, U. B., & Oludami, O. O. (2025). *Forensic Accounting Practice and Fraud Management in Nigeria Public Sector Entities*. *Journal of Information Systems Engineering and Management*, 10(48s).
- Okoye, E. I. (2023). Forensic Accounting and Stakeholder Accountability in Nigerian Public Companies. *Nigerian Journal of Corporate Governance and Financial Ethics*, 11(2), 78–92.
- Okoye, E. I., & Ezejiofor, R. A. (2014). *The Effect of Forensic Accounting on Fraud Detection and Prevention in Nigerian Banking Industry*. *International Journal of Business and Management*, 2(4), 1–11.
- Okoye, E., & Gbegi, D. (2013). *An Evaluation of Forensic Accountants to Planning Management Fraud Risk Detection Procedures*. *Global Journal of Management and Business Research*, 13(6), 75–87.
- Okoye, G. O. (2023). *The Impact of Forensic Accounting on Investigation of Corporate Fraud in Nigeria: A Study of EFCC*. *Global Journal of Applied, Management and Social Sciences*, 15(3), 102–118.
- Okozie, A. C., & Oshiobugie, M. I. (2022). Corporate Social Responsibility and Forensic Accounting in Emerging Markets: An Empirical Perspective. *International Journal of Financial and Accounting Research*, 8(1), 51–64.
- Olanipekun, C. T., & Olaoye, C. O. (2018). Impact of forensic accounting and investigation on corporate governance in Ekiti State. *Journal of Accounting, Business and Finance Research*, 4(1), 28–36.
- Olaoye, C. O., & Olanipekun, C. T. (2018). *Impact of Forensic Accounting and Investigation on Corporate Governance in Ekiti State*. *Journal of Accounting, Business and Finance Research*, 4(1), 28–36.
- Olaoye, C. O., & Olanipekun, C. T. (2018). Impact of forensic accounting and investigation on corporate governance in Ekiti State. *Journal of Accounting, Business and Finance Research*, 4(1), 28–36.
- Onyema, C. C., Ojo Agbodun, A. A., & Adebayo, M. M. (2024). Impact of forensic accounting on fraud management. *International Journal of Research and Innovation in Social Science*, 8(4), 1648–1661.
- Othman, R., Aris, N. A., & Arif, S. M. M. (2020). *The Effectiveness of Forensic Auditing in Detecting Financial Fraud in the Public Sector: Malaysian Evidence*. *International Journal of Financial Research*, 11(2), 162–174.

- Owojori, A. A., & Asaolu, T. O. (2009). *The Role of Forensic Accounting in Solving the Vexed Problem of Corporate World*. *European Journal of Scientific Research*, 29(2), 183–187.
- Owolabi, S. A., & Arulogun, L. A. (2020). Forensic Accounting and Corporate Ethics: An Empirical Review of Nigerian Companies. *Journal of Accounting and Forensic Studies*, 10(3), 102–118.
- Rezaee, Z. (2002). *Financial Statement Fraud: Prevention and Detection*. New York: John Wiley & Sons.
- Rezaee, Z. (2002). *Financial Statement Fraud: Prevention and Detection*. New York: John Wiley & Sons.
- Singleton, T. W., Singleton, A. J., Bologna, G. J., & Lindquist, R. J. (2006). *Fraud Auditing and Forensic Accounting* (3rd ed.). Hoboken, NJ: John Wiley & Sons.
- Singleton, T. W., Singleton, A. J., Bologna, G. J., & Lindquist, R. J. (2006). *Fraud Auditing and Forensic Accounting* (3rd ed.). Hoboken, NJ: John Wiley & Sons.
- Tarek, A., Mohamed, A. A., & Nour, M. A. (2020). *Adoption of Forensic Data Analytics in Developing Economies: Barriers and Strategic Imperatives*. *International Journal of Accounting Information Systems*, 38, 100471.
- Uchenna, E., & Osegbue, D. (2021). *Constraints to the Effective Practice of Forensic Accounting in the Nigerian Public Sector*. *Journal of Accounting and Taxation*, 13(3), 157–168.
- Wolfe, D. T., & Hermanson, D. R. (2004). The Fraud Diamond: Considering the Four Elements of Fraud. *The CPA Journal*, 74(12), 38–42.

QUESTIONNAIRE

UNIVERSITY OF BENIN, BENIN CITY, EDO STATE, NIGERIA

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING

Dear Respondent,

I am **Aletor Nosakhare Cyril**, a student at the **University of Benin**, Faculty of **Management Sciences, Department of Accounting**, conducting a research study titled **Forensic Accounting and Corporate Governance in Nigerian Listed Firms** as part of the requirements for the award of my degree.

This questionnaire is designed to gather information from individuals involved in the informal sector to better understand their tax compliance behaviour and how it affects government revenue. Your responses will be treated with strict confidentiality and used solely for academic purposes. There are no right or wrong answers. Please respond honestly and to the best of your knowledge.

Your participation is voluntary and highly valued.

Thank you for your time and cooperation.

Sincerely,

Aletor Nosakhare Cyril,

Department of Accounting

Instruction: Please respond to the questions below by selecting the most appropriate option.
Use the scale:

SA= Strongly Agree, A= Agree, U= Undecided, D= Disagree, SA= Strongly Disagree

SECTION A: DEMOGRAPHIC INFORMATION

- What is your current role in the organization?
Forensic Accountant () Auditor () Finance Manager () Other ()
- Years of experience in your current role:
Less than 2 years () 2–5 years () 6–10 years () More than 10 years ()
- Industry sector of your company:
Oil & Gas () Manufacturing () Telecommunications () Financial Services () Others ()

SECTION B: RESEARCH QUESTIONS

Objective 1: To examine how fraud detection by forensic accounting improves corporate governance

S/N	Statement	SA	A	U	D	SD
1.	Forensic accounting helps detect financial fraud that would have been missed by routine audits.					
2.	Fraud detection through forensic techniques improves the integrity of financial reporting.					
3.	Use of forensic accounting discourages financial misconduct among staff.					
4.	The detection of fraud contributes to better board accountability.					
5.	Fraud detection leads to the enforcement of corporate governance policies.					

Objective 2: To assess the impact of forensic data analytics on corporate governance

S/N	Statement	SA	A	U	D	SD
1.	Forensic data analytics helps to uncover hidden financial irregularities.					
2.	Use of data analytics supports faster and more accurate decision-making.					
3.	Analytics tools enhance the board's ability to monitor financial performance.					
4.	Forensic analytics provides a clearer picture of risk areas in the company.					
5.	The use of analytics improves transparency in financial reporting.					

Objective 3: To evaluate how reviewing internal controls through forensic accounting affects transparency and accountability

S/N	Statement	SA	A	U	D	SD
1.	Forensic accounting aids in identifying weaknesses in internal control systems.					
2.	Internal control reviews promote transparent handling of company funds.					
3.	Forensic reviews help in enforcing accountability at all management levels.					
4.	Reviewing internal controls reduces the risk of fraud and financial manipulation.					
5.	Control reviews conducted using forensic methods enhance stakeholder trust					

Objective 4: To investigate how forensic accounting supports litigation and investigations to strengthen board oversight

S/N	Statement	SA	A	U	D	SD
1.	Forensic accounting evidence is useful in legal and regulatory investigations.					
2.	The board relies on forensic reports to make oversight decisions during investigations.					
3.	Forensic accounting improves board response to internal misconduct and irregularities.					
4.	Litigation support services by forensic experts strengthen compliance enforcement.					
5.	The use of forensic accounting in investigations promotes ethical governance practices.					