

## **Forensic Accounting Education and Forensic Accountants' Performance in Nigeria**

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### **Abstract**

The study sought to determine the relationship between the teaching of forensic accountants' skills and forensic accountants' performance in selected federal universities in South-East and South-South Nigeria. Correlational research design was adopted and purposive sampling technique was used in selecting participants for the study. Structured questionnaire was used for data collection. Data collected were analyzed using Pearson Product Moment Correlation Coefficient statistic with SPSS version 23.0. The study discovered that a positive, high and significant relationship exist between the teaching of litigation and expert witness skills and forensic accountants' performance. The study concludes that the failure of accounting educators and professionals to develop a unified and robust forensic accounting education curriculum would affect the skill-set of entry level forensic accountants in the world of work. It was recommended among others that universities offering accountancy should develop a stand-alone forensic accounting course at the undergraduate level in order to expose students to forensic skills needed by forensic accountants in determining fraud and corrupt practices in the accounting world.

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**Keywords:** Forensic Accounting, Forensic Accountants, Litigation Skills, Expert Witness Skills

### **Introduction**

It is observed that some financial accountants engage in smoothing the earning of their firms which leads to financial distress in the long run. Bhasin (2013) observed that some multinational companies encourage the cooking of financial records in order to present their companies in a productive light to its shareholders and members of the public. In a bid to promote the audit quality and improve the integrity of financial records, forensic accounting will be of

immense benefit to corporate and non-profit making organisations. Forensic accounting looks beyond the figures in statement of accounts (Dhar & Sarkar, 2010). In the opinion of the authors, forensic accounting is an advanced aspect of the accounting profession loaded with detective concepts, procedures and skills for profiling criminals and discovering corporate and unorganized fraudulent transactions in the business world.

Forensic accounting is growing rapidly and is fast becoming a profession on its own (Huber, 2013). It is currently accepted as a profession in the United States of America, United Kingdom, Australia and Canada (Özkul & Pamuku, 2012). Forensic accounting education expands students' audit knowledge in the area of fraud investigation (Lee, Cefaratti & Rose-Green, 2015). Hence, tertiary institutions are gradually integrating forensic accounting education as part of their academic programmes to churn out forensic accountants in the society. Forensic accountants are specialised accountants trained to reduce the fraudulent activities of trust violators in private and public organisations.

According to Mojososka and Dujovski (2015), institutions of developed countries are running forensic accounting education programme in order to equip their citizenry with forensic accountant skills for discovering and investigating fraud. Introducing forensic accounting into academic programmes of educational institutions is geared towards equipping students with litigation skills, expert witnessing skills and investigative services required for detecting and preventing various types of fraud. Forensic accountants provide litigation services by assisting lawyers with pre-trial activities, disposition and discovery, and dispute resolution (Rezaee, Ha & Lo, 2014). Among the goals of litigation services is to analyze, organise and present material facts in a criminal investigation. Litigation services are needed when disputes involving individuals, businesses, governmental and non-governmental bodies arise and a grievance has occurred, where a party is affected, suffering monetary or non-monetary loss (Okoye & Akamobi, 2009).

In addition, forensic accountants do testify as an expert witness, if the dispute escalates to a court hearing and the judges and juries do not have the required specialized accounting knowledge to reach a conclusion (Okoye & Akamobi, 2009). In dispute resolution, forensic accountants often give expert evidence at trial. Therefore, a forensic accountant testifying as an expert may use accounting records, audited financial statements, and other business documents as a basis for his or her opinion, provided they have been introduced as evidence (DiGabriele, 2011; Dreyer, 2014). Therefore, Okoye and Gbegi (2013) opine that forensic accountants utilize litigation skills and expert witnessing skills to interpret and communicate findings based on their forensic investigation. This could be the reason why Lucy, Okoh and Nnaemeka (2016) posit that the true test of forensic accountants' performance is measured by their ability to verify the quality of financial reports presented by traditional accountants.

According to Bhasin (2007) and Okoye and Gbegi (2013), forensic accountants' performance anchors around using forensic accounting skills and services to act as an expert consultant on controversial financial reports that may require possible courtroom testimony. This implies that the forensic accountant should be skilled not only in financial accounting, but also in internal control systems, the legal system, other institutional requirements, investigative proficiency and interpersonal skills (Bhasin 2016). Forensic accountants' performance refers to the ability of forensic accountants to have a solid understanding of the accounting environment that surrounds the different accounting cycles of a business entity. This understanding helps the forensic accountant to have an overall picture of any accounting system in order to uncover illicit financial activities and trace concealed business transactions carried out by fraudsters. Holistically, the American Institute of Certified Public Accountants (AICPA, 2010) describes the performance

of forensic accountants to include the determination of financial statement misrepresentations, economic damages calculations, fraud prevention, detection and response, valuation, bankruptcy, insolvency and reorganisation, family law and computer forensic analysis.

Globally, the demand for effective performance of forensic accountants in the workplace has promoted the awareness and importance of forensic accounting education in educational institutions. Forensic accounting education is growing in tertiary institutions in Nigeria as the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Offences Commission (ICPC) are using forensic accounting techniques to track down fraudsters. Despite the establishment of anti-graft agencies in Nigeria, Adeniyi and Agbaje (2017) report mind disturbing fraud cases in Nigeria which include N195 Billion allegedly stolen by former Pension boss, Abdurashheed Maina. \$6bn Fuel Subsidy Scam. House of Reps member, Farouk Lawan \$620,000 bribery allegations with Business oil magnate, Mr Otedola. N32.8 billion police pension funds fraud. Stella Oduah N255m bulletproof car purchase scandal. NNPC missing \$20billion. \$15 million in Private Jet Arms Scandal. With the high prevalence of fraud in Nigeria, integrating forensic accounting in the academic programme of tertiary institution will go a long way in developing a robust profession capable of battling fraudulent practices.

From the researchers' observation, there are insufficient empirical works that have examined the relationship between the teaching of forensic accountants' skills and forensic accountants' performance in selected federal universities in Nigeria. In order to fill this gap in knowledge, the study sought to examine the relationship between the teaching of litigation and expert witness skills and forensic accountants' performance in selected federal universities in South-East and South-South, Nigeria.

The specific objective of the study is to ascertain the relationship between the teaching of litigation skills, expert witness skills and forensic accountants' performance in selected federal universities in Nigeria.

The study sought to answer the following questions:

- i. To what extent does the teaching of litigation skills affect forensic accountants' performance?
- ii. To what extent does the teaching of expert witness skills affect forensic accountants' performance?

The study was guided by the following null hypotheses:

- i. The teaching of litigation skills do not have significant relationship on forensic accountants' performance
- ii. The teaching of expert witness skills do not have significant relationship on forensic accountants' performance

The study covered the relationship between the teaching of litigation and expert witness skills and forensic accountants' performance in Nigeria. Federal Universities in South East and South – South were covered by this study because some of these universities are offering Forensic Accounting as a course and it is convenient for the researchers to collect necessary data from those universities.

## **Review of Empirical Studies**

Efiong (2012) carried out a study on forensic accounting education: "An exploration of level of awareness in developing economies: Nigeria as a case study." Five research questions guided the study. A descriptive survey research design was employed. A population of 90 third

and final year accounting students from University of Calabar, Cross River University of Technology and University of Uyo were used for the study. A questionnaire was used for data collection. Frequent count and percentage were used for data analysis. Results of the study revealed that undergraduates' knowledge of forensic accounting and forensic accounting techniques is very low.

Teik, Al-Mashoor, Chung and Song (2013) carried out a study of Malaysian accounting education in higher-learning institutions: "Is Malaysia preparing undergraduates for a tsunami of fraud?" Four hypotheses were tested for the study. Descriptive survey research design was employed for the study. Using purposive sampling, 250 respondents were used for the study on the criteria that they are final year students of an accounting degree in well-established business school institutions in Malaysia. A questionnaire was used for data collection. Mean, standard deviation and Mann-Whitney U were used for data analysis. Findings of the study disclosed that the traditional business and accounting curriculums devote very little time to fraud education. It also revealed that accounting students from both private and public institutions agree that their current accounting degree provided them with insufficient forensic accounting skills.

Sofianti, Ludigdo and Irianto (2014) analyzed the perception of the practitioners and students towards the subject of forensic accounting and fraud examination. Three research questions and three hypotheses were raised for the study. Descriptive survey research design was utilized for the study. A population of 76 person accounting practitioners, 40 academics of accounting and 219 accounting students were used for the study. A questionnaire was used for data collection. Percentage and Kruskal-Wallis test were used for data analysis. Results of the study indicate that practitioners, academicians and accounting students encouraged the integration of forensic accounting in tertiary institutions and professional fraud examination course should be integrated into accounting curriculum.

Lucy, Okoh and Nnaemeka (2016) examined the effectiveness of forensic accounting in engendering qualitative financial reporting in Nigeria using the banking sector as a reference. Three research questions and three hypotheses guided the affairs of the study. The research adopted descriptive survey approach. Primary data were also sourced to elicit information from accountants using structured questionnaire based on a five Likert scale containing fifteen questions. Secondary data for this study were sourced from the annual reports of twelve selected Deposit Money banks listed in the Nigeria Stock Exchange. Pearson's Correlation Coefficient statistical tool was used to analyse the primary data. Simple five scale binomial ranging from 0-4 were used to analyse the secondary data (financial reporting quality) of the selected banks. The study revealed that forensic accounting will enhance relevance, faithful representation and understandability of financial statements thereby entrenching qualitative financial reporting in Nigeria banking industry

Herbert, Onyilo, Ene and Tsegba (2017) investigated the availability of fraud and forensic accounting education in Nigeria. The paper analyses the perceptions of academics and practitioners on the demand for, relevance and integration of, forensic accounting education in Nigeria. Three hypothesis were tested for the study. An exploratory research design was adopted for the study. Population of the study comprised 141 practitioners and 54 accounting lecturers. The data obtained through a questionnaire survey was analysed using descriptive statistics, Kruskal-Wallis (K-W) and Chi-Square tests. The results indicate an increasing market demand for fraud examiners and forensic accountants; and there is an urgent call for the development of forensic accounting education in the accounting curriculum of tertiary institutions. The study also discovered significant differences between academics and practitioners on the mode of integrating forensic accounting education into the accounting programme.

Ismail, Azizan and Fahmi (2018) investigated the relationship between forensic accounting course and forensic accountant skills. Three hypotheses were tested for the study. Correlational research design was employed for the study. A population of 137 students of forensic accounting and financial criminology Master’s degree programme in Universiti Teknologi MARA Selangor campus, Malaysia from 2014 to 2016 was used for the study. A questionnaire was adapted mainly from the course outcome of Forensic Accounting and Financial Criminology Master’s degree programme to collect data for the study. Regression analysis and Analysis of Variance (ANOVA) were used for data analysis. The result of this study indicated that auditing courses have no significant relationship towards forensic accountant skills despite having positive relationship, whilst fraud examination courses and forensic accounting courses have significant positive relationship towards forensic accountant skills.

## Method and Design

This study adopted correlational research design. The population of the study comprised postgraduate accountancy students in Nnamdi Azikiwe University, Awka, University of Nigeria, Nsukka, University of Benin, Benin and University of Uyo, Uyo in South-East and South-South Nigeria. A sample size of 76 respondents was conducted using purposive sampling technique. Instrument for data collection was a structured questionnaire titled “Teaching of Forensic Accountant Skills and Forensic Accountant Performance Questionnaire (TFAS-FAPQ)”. The structured questionnaire contained seven items each in three clusters according to the research questions on a four-point rating scale of Very Well Taught (VWT), Well Taught (WT), Poorly Taught (PT) and Very Poorly Taught (VPT).

The three sections of the questionnaire were subjected to reliability test which yielded 0.80, 0.72 and 0.84 respectively. The researchers administered the instrument with the help of four research assistants using direct method to the respondents. Pearson Product Moment Correlation Coefficient statistic (PPMC) was used to answer the research questions. The PPMC was also employed in testing the hypotheses at 0.05 level of significance. A hypothesis was accepted where the p-value is equal to or greater than the alpha level of 0.05 ( $p > 0.05$ ), at a degree of freedom; on the other hand, the null hypothesis was rejected when a p-value was less than the alpha level of 0.05 ( $p < 0.05$ ). The analysis was carried out using SPSS version 23.0

## Data Presentation and Analysis

**Research Question 1:** To what extent does the teaching of litigation skills affect forensic accountants’ performance?

**Table 1: Correlational analysis between teaching of litigation skills and forensic accountant performance**

Variables	Pearson Correlation coefficient ( <i>r</i> )
Litigation Skills	0.811
Forensic Accountants’ Performance	

Table 1 shows a Pearson coefficient ( $r$ ) of 0.811 which indicates a positive relationship between the teaching of litigation skills and forensic accountants' performance. Data in Table 1 further shows that there is positive and high relationship between the teaching of litigation skills and forensic accountants' performance.

**Research Question 2:** To what extent does the teaching of expert witness skills affect forensic accountants' performance?

**Table 2: Correlational analysis between teaching of expert witness skills and forensic accountant performance**

Variables	Pearson Correlation coefficient ( $r$ )
Expert Witness Skills	0.746
Forensic Accountants' Performance	

Table 2 shows a Pearson coefficient ( $r$ ) of 0.746 which indicates a positive relationship between the teaching of expert witness skills and forensic accountants' performance. Data in Table 2 further shows that there is positive and high relationship between the teaching of expert witness skills and forensic accountants' performance.

### Hypotheses Testing

**Hypothesis 1:** The teaching of litigation skills does not have significant relationship on forensic accountants' performance

**Table 3: Summary of correlation co-efficient of the relationship between teaching litigation skills and forensic accountants' performance**

Variables	$r$	p-value	Remark
Litigation Skills	0.811	0.00	S
Forensic Accountants' Performance			

*S – Significant correlation at 0.05 level of significance*

The two variables were significantly correlated, ( $r_{(76)} = 0.811$ ,  $df = p < 0.05$ ) as it is shown in Table 3. Thus, there is a significant relationship between the teaching of litigation skills and forensic accountants' performance and the null hypothesis is rejected

**Hypothesis 2:** The teaching of expert witness skills does not have significant relationship on forensic accountants' performance

**Table 4: Summary of correlation co-efficient of the relationship between teaching expert witness skills and forensic accountants' performance**

Variables	<i>r</i>	p-value	Remark
Expert Witness Skills	0.746	0.00	S
Forensic Accountants' Performance			

*S – Significant correlation at 0.05 level of significance*

The two variables were significantly correlated, ( $r_{(76)} = 0.746$ ,  $df = p < 0.05$ ) as it is shown in Table 4. Thus, there is a significant relationship between the teaching of expert witness skills and forensic accountants' performance and the null hypothesis is rejected

### **Discussion of findings**

The study reveals a high positive relationship between the teaching of litigation and expert witness skills and forensic accountants' performance. This finding is in agreement with Carpenter, Durtschi and Gaynor (2011); Modugu and Anyaduba (2013) reports that students who have completed forensic accounting course have more accurate fraud judgments to detect fraudulent activities. This implies that the teaching of litigation and expert witness skills in tertiary institutions improved the competency of forensic accountants in discovering fraud. This finding tallies with that of Teik, Al-Mashoor, Chung and Song (2013) which states that forensic accounting course content contains simple and complex forensic accounting skills that adequately matches the functions of a professional forensic accountant.

In addition, the analysis on the hypotheses shows that, there is a significant relationship between the teaching of litigation and expert witness skills and forensic accountants' performance. The significant relationship between the teaching of litigation and expert witness skills and forensic accountants' performance agree with the studies of Ismail, Azizan and Fahmi (2018); and Teik, Al-Mashoor and Chung and (2013) which discover that forensic accounting and examination consists of legal accounting, fraud examination, money laundering, specialized fraud and taxation fraud syllabus which significantly improve skills and task performance of forensic accountants. This finding is consistent with previous studies of Davis, Farrell and Ogilby (2010) and Ramaswamy (2007) which reports that a positive and significant relationship exist between forensic accounting education and forensic accountant skills. It clearly implies that as forensic accountants acquire more knowledge in relation to fraud detection and prevention, their level of professional performance increases. The gains of teaching forensic accounting skills would correspondingly increase forensic accountants' proficiency in understanding different fraudulent schemes.

### **Conclusion**

Fraud is a serious epidemic in Nigeria. The study of forensic accounting is expected to reduce fraudulent practices among members of the public. However, the study revealed that the teaching of forensic accountants skills play a positive and significant role in improving forensic accountants' performance in the accounting profession. In line with the findings of the study, the researchers concluded that the failure of accounting educators and professionals to develop a

unified and robust forensic accounting education curriculum would affect the skill-set of entry level forensic accountants in the world of work.

Based on the findings and conclusion of the study, it is recommended that;

1. The National Universities Commission should create a synergy with professional forensic accounting bodies to help design a functional forensic accounting programme in line with global best practices that would increase the value of accounting students within and outside Nigeria.
2. Universities offering accountancy should develop a stand-alone forensic accounting course at the undergraduate level in order to expose students to forensic skills needed by forensic accountants in determining fraud and corrupt practices in the accounting world

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