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QUALITY EVALUATION OF FORENSIC ACCOUNTING ROLES AND RELEVANCE IN FRAUD DETECTION: STUDENTS' PERCEPTION

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ABSTRACT:

Forensic accounting roles cannot be overemphasized, especially in the present day corporate atmosphere where fraudulent activities has almost become a common norm, hence the need for insightful exposure of students at the grassroot on how to face this reality. This study evaluates sampled students' knowledge quality of forensic accounting roles and relevance in fraud detection and prevention, specifically using third and fourth year accounting students of Nnamdi Azikiwe University, Awka totalling 270 students. However, the stratified sampling technique was used in selecting a sample size of 161 students on whom structured questionnaire was administered. The formulated hypotheses were tested using Pearson's Chi-Squared Statistical Test. The findings revealed that: there is a significant level of student awareness on the use of forensic accounting technique in fraud detection and prevention (p-value = 0.000. It was discovered that forensic accounting courses at the undergraduate level do significantly exposes prospective Investigative Accountants to the requisite skills to detect and prevent fraudulent activities (p-value = 0.000). In conclusion, accounting students at Nnamdi Azikiwe University, Awka, demonstrate a significant level of awareness of forensic accounting practices. The study therefore recommends that by continually improving and updating the curriculum content of forensic accounting courses, academic institutions can better prepare students for possible dynamic challenges that undermine effective detection and combat of fraud professionally in the corporate and public service space of the country.

1. INTRODUCTION

Forensic accounting is viewed as the active response to flaw of the traditional auditing system that has witnessed collapse of corporate entities shortly after the Auditor's presentation of a "true and fair" view opinion. It is a rapidly growing area of accounting, especially in Nigeria that is

concerned with ways through which financial fraud and white-collar related crimes can be detected and prevented. The combination of accounting, auditing, and investigative skills (Okoye, Nwoye & Okeke-Okonkwo, 2019; Ochuka, Nwoye & Okoye, 2022) is believed to have given birth to the practice of Forensic Accounting. Accordingly, forensic accounting beams its professional searchlight on detection and prevention of economic and other financial crimes as its objectives Ochuka, Nwoye & Okoye, 2022) in a manner most suitable in a competent court of law. In Nigeria, forensic accounting is yet to be fully deployed by the government at all levels, despite the current trends of fraudulent activities in the nation and the limitation that the traditional Auditor is presently exposed to. Indeed, the knowledge of forensic accounting practice is considered a bridge yet to be largely accessed by the grassroots at the tertiary institution level. Could poor interest of student in the subject matter be the case? Or could this be associated with the limited number of professional Forensic Accountant in employment as teaching personnel and contemporary researchers in the field of study? It is against this backdrop that the study seeks to evaluate the knowledge quality of the accounting students of Nnamdi Azikiwe University as it concerns the roles and relevance of forensic accounting in fraud detection and prevention in Nigeria.

1.1 Objectives of the Study

The general objective of the study is to evaluate the knowledge quality on the roles and relevance of forensic accounting on accounting students in Nnamdi Azikiwe University, Awka. The specific objectives are to:

I. To evaluate student's awareness on the use of forensic accounting technique in fraud detection and prevention.
II. To ascertain whether forensic accounting courses at the undergraduate level significantly exposes prospective Investigative Accountants to requisite skills.

1.2 Research Questions

I. What is the extent of students' level of awareness on the use of forensic accounting technique in fraud detection and prevention?
II. To what extent can forensic accounting courses at the undergraduate level forensic accounting courses at the undergraduate level expose prospective Investigative Accountants to requisite skills?

1.3 Hypotheses

H_{o1}: Students' level of awareness on the use of forensic accounting techniques in fraud detection and prevention is not statistically significant.

H_{o2}: Forensic accounting courses at the undergraduate level do not significantly expose prospective Investigative Accountants to requisite skills.

2. LITERATURE REVIEW

2.1 Conceptual review

2.1.1 Forensic Accounting

The general meaning of Forensic accounting is the use of accounting, investigation and auditing skills to investigate fraud and embezzlement to analyze financial information for use in legal proceedings. Forensic accounting is an umbrella term which involves application of special skills such as accounting, auditing procedure, financing quantitative methods, research and investigative skills (Okoye, Nwoye, Akuchi & Onyema, 2020). Forensic means "suitable for use in a court of law. Adegbie and Fakile (2012) also defined forensic accountings an accounting analysis that is suitable to the court which will form the basis of discussion and assist in judgment, debate and ultimately dispute resolution. Forensic accounting is the practice of utilizing accounting, auditing and investigative skill to assist in legal matter and the application of specialized body of knowledge to the evidence of economic transaction and reporting. It can be said that is the integrity of accounting, auditing and investigative skill to obtain a particular result. Forensic accounting is the use of accounting skills to investigate fraud, embezzlement and to analyze financial information for use in legal proceedings.

2.1.2 Roles and Relevance of Forensic Accounting

Forensic accounting plays several important roles and holds significant relevance in the business and legal domains. Here are some key roles and the relevance of forensic accounting:

1. Fraud Detection and Investigation: Forensic accountants are trained to identify signs of financial fraud, including asset misappropriation, financial statement manipulation, embezzlement, bribery, and corruption. They use their specialized skills to investigate suspicious activities, gather evidence, and uncover the truth behind fraudulent schemes. This role is crucial in preventing financial losses and holding perpetrators accountable.
2. Financial Dispute Resolution: Forensic accountants often assist in resolving financial disputes, such as those related to business valuations, contractual breaches, insurance claims, or

shareholder disputes. They provide expert analysis and opinions on financial matters, help quantify damages, and assist in the resolution of disputes through negotiation, mediation, or litigation.

3. Litigation Support: Forensic accountants play a vital role in litigation by providing expert witness testimony, preparing financial reports, and assisting legal teams in understanding complex financial matters. They help lawyers, judges, and juries comprehend financial evidence, assess damages, and evaluate the financial implications of legal claims.

2.2 Theoretical Review

2.2.1 The Social Learning Theory

The Social Learning Theory was developed by psychologist Albert Bandura in the 1970s. One of the works on the Social Learning Theory is "Social Learning Theory" by Albert Bandura. Social learning theory, also known as social cognitive theory, is a psychological theory developed by Albert Bandura. This theory suggests that individuals learn by observing others and imitating their behaviors. By studying forensic accounting and observing professionals in the field, students can learn from their experiences and develop the skills and knowledge necessary to prevent and detect financial crimes.

The Social Learning theory emphasizes the role of social interactions and observational learning in the development of human behavior. According to social learning theory, people learn by observing and imitating the behaviors of others, especially those they admire or perceive as having authority. Social learning theory proposes that individuals learn by:

I. Observing the behavior of others, especially those in authority or those whom they perceive as successful.
II. Modeling or imitating the behaviors they observe.
III. Receiving feedback from others about their behavior, which can either reinforce or discourage the behavior.
IV. Adjusting their behavior based on the feedback they receive.

2.3 Empirical Review

Olagunju, *et al* (2021) examined the student's perception of forensic accounting education in Osun State University with particular reference to awareness and willingness of the students to offer forensic accounting as a course in the university. Data was collected through an open-ended questionnaire and 35valid responses returned out of 45copies of questionnaire distributed which

were analyzed through SPSS version 24. The results indicated that there is a high level of awareness regarding forensic accounting course in the university.

Md Abdul (2021), examined forensic academicians who primarily teach forensic accounting in universities. the purpose was to explore the importance of forensic accounting education in universities. Surveyed accounting academicians who primarily teach forensic accounting. Form study we deduce that the rise in financial scandal at the beginning of the twenty first century was associated with increased fraud incidence and awareness, hereby questioning the roles of auditors in fraud prevention.

Okoye (2020), examined the relationship between the teaching of forensic accountants' skills and accountant performance in selected federal universities. Correlational research design was adopted and purposive sampling technique was used in selecting participants for the study. Data collected was 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 and 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.it was recommended among others that universities offering accountancy should develop a standalone 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.

Olaoye, *et al* (2019) examined formal education and forensic accounting development in Nigeria with a cross-sectional survey design as its research strategy. Questionnaire was used as the research instrument for data collection. Pearson product moment correlation (PPMC) and multiple regression were employed as analytical techniques. PPMC showed that significant relationship exists between formal educations, methods (traditional, classical and modern) of integrating forensic accounting into accounting curriculum and forensic accounting development in Nigeria with 0.625, 0.618, 0.639 and 0.521(Value). This study recommended that formal education is vital to development of forensic accounting practices in Nigeria and that academicians and practitioners should regularly update their knowledge of forensic accounting in terms of research and developmental courses so as to ensure continual development of forensic accounting practices in the country.

Moses (2019) examined the role of forensic accounting techniques in curbing creative accounting. The sample size of study was estimated using Walpole formula. The data of the study were generated from primary and secondary sources. The questionnaire served as a major instrument for primary data collection. Reliability test was conducted using Cronbach alpha and the value of 0.90 was delivered. The findings showed that the technique used by forensic accountants have helped in curbing creative accounting, and the skills of the forensic accountant have aided the prevention of creative accounting and the emergence of confidence in credibility of corporate firms and their reports.

Madu (2018), examined the extent of the use of forensic accounting techniques in the detection of fraud in tertiary institutions. Descriptive survey research design was adopted and a population of 280 accounting officers in universities, polytechnics and colleges of education were studied. The results showed that accounting officers in tertiary institutions use forensic accounting techniques to a high extent in detection of fraud. Based on the findings the researchers recommended among others, that accounting officers should be aware of the benefits of forensic accounting in detecting fraud in their establishment.

3. MATERIAL AND METHOD

This study utilized a descriptive survey research design. The population of this study comprised undergraduate students in the Department of Accountancy in Nnamdi Azikiwe University, Awka for the 2021/2022 academic session. The instrument used to obtain data for this study was structured questionnaire.

The population of the study comprising one hundred and forty year three students and one hundred and thirty year four students totaled two hundred and seventy (270) students of the Accountancy Department at Nnamdi Azikiwe University, Awka, Anambra State, Nigeria. The researcher adopted the Taro Yamane's formula to obtain the sample size. This is demonstrated as follows;

Formula: Sample size (n) = $\frac{N}{1+N\,(e)^2}$

n = ? (Unknown)

N = 270

e = 5%

Therefore, sample size (n) is obtained thus:

n = $\frac{270}{1+270\,(0.05)^2}$

n = $\frac{270}{1+270\,(0.0025)}$

n = 161.194

Approximately, n = 161

Thus, based on the population strata of 52% of year three students and 48% of year four students, the sample size of one hundred and sixty one students was apportioned accordingly to obtain a decomposed sample size of eighty four (84) and seventy seven (77) year three and year four students respectively. However, only a total of one hundred and forty one (141) responses were received, indicating that feedback was not obtained from twenty respondents comprising eleven (11) invalid questionnaires and nine (9) not-returned questionnaires.

3.1 Decision Rule

As a decision rule, reject null hypothesis and accept alternate if the P-value of the test is less than α-value (level of significance) at 5% or 0.05; otherwise accept the null hypothesis and reject the alternate hypothesis.

4. RESULT AND DISCUSSIONS

4.1 Test of Hypotheses

4.1.1 Hypothesis One

H_{o1}: Students' level of awareness on the use of forensic accounting technique in fraud detection and prevention is not statistically significant.

Table 1: Students' level of awareness on the use of forensic accounting technique in fraud detection and prevention.

	Observed N	Expected N	Residual
Disagree	11	47.0	-36.0
Neutral	53	47.0	6.0
Agree	77	47.0	30.0
Total	141		

Source: SPSS 22 Output from Pearson's Chi-square

Table 2: Test Statistics for Test of Hypothesis I

	Students' level of awareness on the use of forensic accounting technique in fraud detection and prevention is not statistically significant
Chi-Square	47.489[a]
Df	2
Asymp. Sig.	.000

Source: SPSS 22 Output from Pearson's Chi-square

Table 2 showed that the Chi-Square value of students' level of awareness on the use of forensic accounting technique in fraud detection and prevention is 47.489 at a degree of freedom 2. The asymptotic significance which represents the p-value stood at .000. Since the p-value is less than 0.05, we accept the alternate hypothesis and this implies that students' level of awareness on the use of forensic accounting technique in fraud detection and prevention is statistically significant.

This finding indicates that accounting students at Nnamdi Azikiwe University, Awka, have a notable level of awareness regarding the use of forensic accounting techniques in fraud detection and prevention. It suggests that these students possess knowledge and understanding of the fundamental concepts and practices associated with forensic accounting.

4.1.2 Hypothesis Two

$H_{o2:}$ Forensic accounting courses at the undergraduate level do not significantly expose prospective Investigative Accountants to requisite skills to detect fraud.

Table 3: Forensic accounting courses expose prospective Investigative Accountants to requisite skills to detect fraud

	Observed N	Expected N	Residual
Disagree	13	35.3	-22.3
Neutral	41	35.3	5.8
Agree	68	35.3	32.8
strongly agree	19	35.3	-16.3
Total	141		

Source: SPSS 22 Output from Pearson's Chi-square

Table 4: Test Statistics

	Forensic accounting courses at the undergraduate level does not significantly equip prospective accountants on the skills required to detect fraud
Chi-Square	52.901[a]
Df	3
Asymp. Sig.	.000

Source: SPSS 22 Output from Pearson's Chi-square

Table 4 presents the test statistics for hypothesis two which states that Forensic accounting courses at the undergraduate level do not significantly expose prospective Investigative Accountants to requisite skills to detect fraud, with the Chi-Square value standing at 52.901 at a degree of freedom of 3. The asymptotic significance which represents the p-value stood at .000. Since the p-value is less than 0.05, this implies that forensic accounting courses at the undergraduate level do significantly expose prospective Investigative Accountants to requisite skills to detect fraud.

The finding above agrees with the results by Rezaee and Riley (2010); Buckhoff et al. (2010); Efiong (2012) which found that the integration of forensic accounting in the course work of accounting majors of tertiary institutions enables prospective Accountants to gain the skill required for fraud detection and prevention.

CONCLUSION AND RECOMMENDATIONS

Based on the findings, Accounting students at Nnamdi Azikiwe University in Awka have a good understanding of the importance and application of forensic accounting in detecting and preventing fraud. It indicates that students are aware of specific techniques and methodologies employed in forensic accounting to uncover and investigate fraudulent activities. Therefore, this study recommends that academic institutions should ensure that the curriculum covers essential topics related to forensic accounting such as fraud examination techniques, forensic auditing, investigative procedures, and legal aspects. Additionally, collaborations with industry professionals and organizations can provide practical exposure to real-world scenarios and enhance students' understanding of the application of forensic accounting principles. By continually improving and updating the curriculum content of forensic accounting courses, academic institutions can better

prepare students for the challenges they may face in detecting and combating fraud in their professional careers.

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APPENDIX

SECTION A: PERSONAL DATA

Instruction: Please tick as appropriate in the boxes using a tick (√) or cross mark (x)

1. Indicate your age bracket

Less than 21 ( ) 21 - 22 ( ) 23 - 24 ( ) 25 – 26 ( ) Above 26 ( )

2. Indicate your gender

Male ( ) Female ( )

3. Indicate your level in the university: 300 Level ( ) 400 Level ( )

SECTION B

Please tick as appropriate in the boxes using a tick (√) or cross mark (x) for the statement that describes your opinion.

NOTE: 5 = strongly agree, 4 = agree, 3 = neutral, 2= disagree, 1 = strongly disagree.

S/N	Objective 1: Students' level of awareness on the use of forensic accounting technique	**5**	**4**	**3**	**2**	**1**
1	Forensic accounting is a type of accounting that cross-checks a business' various financial records to find any indication of fraud being committed					
2	Reviewing public document and conducting background checks is one of the forensic accounting techniques for fraud detection and prevention					
3	Conducting detailed interviews is an essential technique that can transform an unwilling person into a source of valuable information					
4	A forensic accountant should try to have as many confidential sources as possible because such sources can virtually guarantee a correct result					
5	Proper analysis of the obtained evidence can point to the guilty party and assist in understanding the extent of the fraud committed in the business					
6	Conducting surveillance can be done by monitoring and tracking all					

	the official emails and messages, both physically and electronically					
7	Going undercover is a sensitive technique that should be used as a last resort by professionals to detect fraud					
8	In analyzing the financial statements, the forensic accountant can figure out the scam within the summarized financial statements					
Objective 2: Forensic accounting courses at the undergraduate level can expose prospective Investigative Accountants to requisite skills for fraud detection and prevention.						
1	With forensic accounting courses at the undergraduate level, prospective accountants are trained to look beyond the numbers and deal with the business reality of a situation					
2	Prospective accountants at the undergraduate level are prepared to stand in court to unveil crimes both in the public and private sectors					
3	Undergraduate students are equipped with forensic accounting techniques in the course of learning that give them an edge above the auditing students in detecting fraud					
4	With the knowledge of forensic accounting, prospective accountants are prepared to face the increased need for forensic accountant in an economy with increased fraud incidence					